2009 ANNUAL PERFORMANCE REPORT

N.C. DEPARTMENT OF TRANSPORTATION

SUPPORTING MATERIAL

STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION

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Supporting Material
available at www.ncdot.gov/performance

Performance Scorecard Results

(from the 2009 Annual Performance Report, page 16)

Goal	ID#	Defined Performance Measure	Target	FY2009 Result
Safety: Make our transportation network **safer**	1.1	Rate of Fatalities per 100 Million Vehicle Miles	less than 1.6	1.4
	1.2	Rate of Crashes per 100 Million Vehicle Miles	less than 233.8	225.8
	1.3	Rate of Injuries per 100 Million Vehicle Miles	less than 115.6	106.4
	1.4	% of Statewide Safety Belt Usage	90%	89.5%
	1.5	Number of centrally issued driver licenses (2 DMV locations)	greater than 18,000	21,151
Mobility: Make our transportation network move people and goods more **efficiently**	2.1	% of Strategic Highway Corridor Miles that have Little or No Recurring Congestion	85% or greater	87.2%
	2.2	% of Scheduled Ferry Runs Completed	97% or greater	97.6%
	2.3	Average Time to Clear a Major Accident	less than 90 min.	80 min.
	2.4	% Reduction in Expected Growth of Vehicle Miles Traveled	25% or greater	25%
	2.5	% Increase in the Number of Intercity Rail Passengers	3% or greater	21%
Infrastructure Health: Make our infrastructure **last longer**	3.1	% of Interstate Route Pavement Lane Miles in Good Condition	85% or greater	80.5%
	3.2	% of Primary Route Pavement Lane Miles in Good Condition	80% or greater	65.4%
	3.3	% of Secondary Route Pavement Lane Miles in Good Condition	75% or greater	68.5%
	3.4	% of Bridges in Good Condition	76% or greater	63.7%
	3.5	Weighted Score of all Highway Features and Elements, excluding Pavement and Bridges, in Good/Excellent Condition	84 or greater	81.7
Make our organization a place that **works well**	4.1	% of Projects "Advertised for Bid" and Awarded to the Contractor for Construction on Schedule	70% or greater	64%
	4.2	% of Projects that Completed Right of Way Plans on Schedule	70% or greater	57%
	4.3	% of Active Highway Construction Projects on Schedule	70% or greater	78%
	4.4	% of Active Highway Construction Projects on Budget	70% or greater	65%
	4.5	Average Environmental Inspection Score for Construction and Maintenance Projects Statewide	7.5 or greater	8.6
	4.6	% of Administration Costs compared to Overall Budget	less than 7.6%	6.3%
	4.7	% of Federal Receipts to Eligible Authority to Bill	95% or greater	114%
	4.8	% of Planned Expenses to Actual Receipts	+/- 5%	-2.8%
	4.9	% of Offsite DMV Services Compared to Onsite Services*	TBD	n/a
	4.10	Average Customer Wait Time at DMV Offices	15 minutes or less	17.5 min.
Make our organization a **great place** to work	5.1	Employee Safety Index	less than 9.79	5.27
	5.2	Total Average Time to Hire Staff*	TBD	n/a
	5.3	% of employees surveyed that feel the Department is a great place to work*	TBD	n/a
	5.4	% of NCDOT Leadership Positions That Met or Exceeded Performance Expectations	100%	99%

* As of this printing, NCDOT was still developing measurement criteria for these categories.

Exceeded goal
Met goal
Below goal

Performance Scorecard – Measurement & Result Details

Scorecard Notes

1.1 Rate of Fatalities per 100 Million Vehicle Miles
- Results are based on the State Fiscal Year.
- Results published in previous performance reports may be different due to final data calculations and time period adjustments.

1.2 Rate of Crashes per 100 Million Vehicle Miles
- Results are based on the State Fiscal Year.
- Results published in previous performance reports may be different due to final data calculations and time period adjustments.

1.3 Rate of Injuries per 100 Million Vehicle Miles
- Results are based on the State Fiscal Year.
- Results published in previous performance reports may be different due to final data calculations and time period adjustments.

1.4 Percentage of Statewide Safety Belt Usage
- Results are based on the State Fiscal Year.

1.5 Number of Centrally Issued Driver Licenses (two DMV locations only)
- Results are based on the State Fiscal Year.

2.1 Percentage of Strategic Highway Corridor Miles that have Little or No Recurring Congestion
- Results are based on a snapshot assessment taken in 2009.
- Results do not include data from six recently completed projects.

2.2 Percentage of Scheduled Ferry Runs Completed
- Results are based on the State Fiscal Year.

2.3 Average Time to Clear a Major Accident
- Results are based on the State Fiscal Year.

2.4 Percentage Reduction in Expected Growth of Vehicle Miles Traveled
- Results are based on the Federal Fiscal Year.
- Due to performance definition modifications, the results from the previous fiscal year have been adjusted.

2.5 Percentage Increase in the Number of Intercity Rail Passengers
- Results are based on the Federal Fiscal Year (FFY) and due to reporting timeframes, are from FFY 2007-08.

3.1 Percentage of Interstate Route Pavement Lane Miles in Good Condition
- Results are based on the most recent assessment taken in 2008.
- The target listed is the definitive expectation. See the Highway Performance Profile (in the 2009 Annual Performance Report, page 25) for specific results.

3.2 Percentage of Primary Route Lane Pavement Miles in Good Condition
- Results are based on the most recent assessment taken in 2008.
- The target listed is the definitive expectation. See the Highway Performance Profile (in the 2009 Annual Performance Report, page 25) for specific results.

3.3 Percentage of Secondary Route Lane Pavement Miles in Good Condition
- Results are based on the most recent assessment taken in 2008.
- The target listed is the definitive expectation. See the Highway Performance Profile (in the 2009 Annual Performance Report, page 25) for specific results.

3.4 Percentage of Bridges in Good Condition
- Results are based on the most recent assessment taken in 2008.
- The target listed is the definitive expectation. See the Highway Performance Profile (in the 2009 Annual Performance Report, page 25) for specific results.
- Ratings do not reflect the overall safety of bridges.

3.5 Weighted Score of all Highway Features & Elements, excluding Pavement & Bridges, in Good/Excellent Condition
- Results are based on the most recent assessment taken in 2008.
- The target listed is the definitive expectation. See the Highway Performance Profile (in the 2009 Annual Performance Report, page 25) for specific results.

4.1 Percentage of Projects "Advertised for Bid" and Awarded to the Contractor for Construction on Schedule
- Results are based on the State Fiscal Year.

4.2 Percentage of Projects that Completed Right of Way Plans on Schedule
- Results are based on the State Fiscal Year.

4.3 Percentage of Highway Construction Projects on Schedule
- Results are based on the State Fiscal Year.

4.4 Percentage of Highway Construction Projects on Budget
- Results are based on the State Fiscal Year.

4.5 Average Environmental Inspection Score for Construction and Maintenance Projects Statewide
- Results are based on a snapshot of the current averages as of July 1, 2009.

4.6 Percentage of Administration Costs compared to Overall Budget
- Results are based on the State Fiscal Year.

4.7 Percentage of Federal Receipts to Eligible Authority to Bill
- Results are based on the Federal Fiscal Year.

4.8 Percentage of Planned Expenses to Actual Receipts
- Results are based on the State Fiscal Year.

4.9 Percentage of Offsite DMV Services Compared to Onsite Services
- Results cannot be reported. Although results are available, an appropriate target was not established.

4.10 Average Customer Wait Time at DMV Offices
- Results are based on the State Fiscal Year.
- Results are averages from 60 DMV facilities (out of 113) that have wait time tracking systems in place.

5.1 Employee Safety Index
- Results are based on the State Fiscal Year.

5.2 Total Average Time to Hire Staff
- Results are not reportable at time of publishing.

5.3 Percentage of Employees Surveyed that feel the Department is a Great Place to Work
- Results are not reportable at time of publishing.

5.4 Percentage of NCDOT Leadership Positions That Met or Exceeded Performance Expectations
- Results are based on the employee performance management assessments conducted in April 2009.

Make our transformation network safer

NCDOT has established five organizational performance measures for the goal of making our transportation network safer.

Measure 1.1 – Statewide Highway Fatality Rate

Background: The fatality rate is calculated as the number of fatalities per year divided by Vehicle Miles Traveled in 100 millions. The acronym VMT (100MVM) is used for displaying the vehicle miles traveled with a scale of 100 million vehicle miles. For example, there were 1,384 fatalities on NC roads in 2008-09, and 101,463 million vehicle miles were traveled on NC roads in that same time period, which equals 1,014.63 100MVM. Therefore, the fatality rate for 2008-09 is: 1,384 divided by 1,014.63 which are equal to 1.36 fatalities per 100MVM traveled. The data is derived from the Division of Motor Vehicles Crash Database.

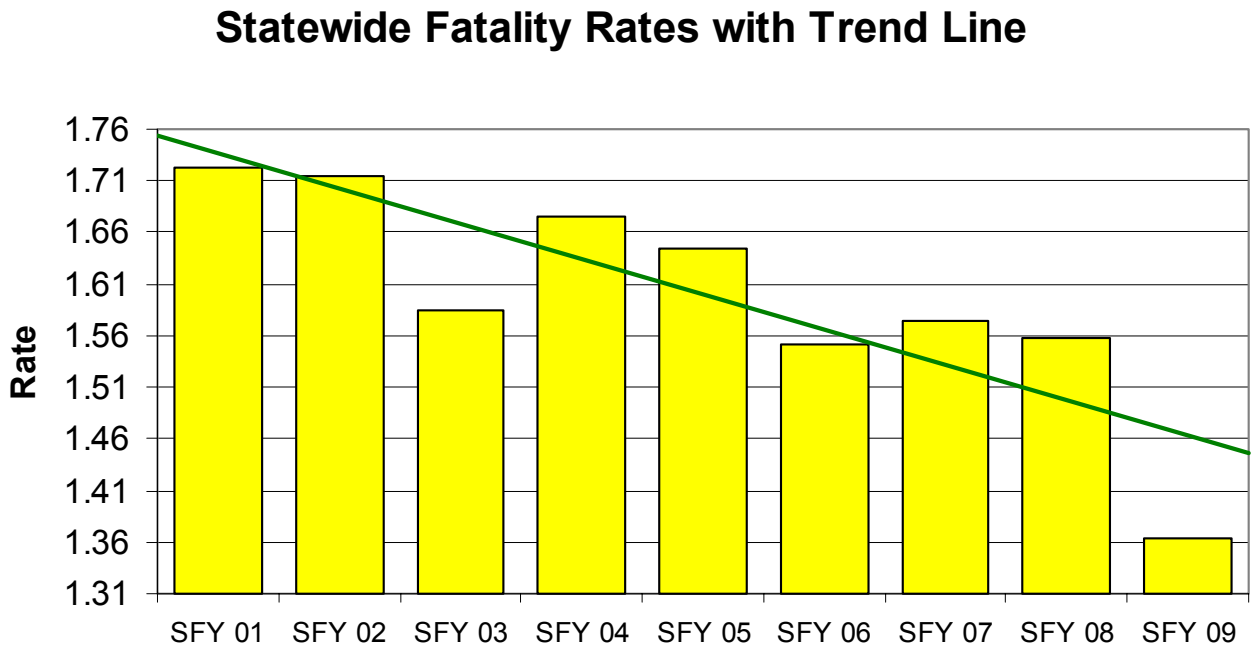
Objective: NCDOT has established an overall reduction in the fatality rate as its target. A fatality rate below the value of 1.60 meets or exceeds expectations.

Results: The table includes the total number of highway fatalities on North Carolina roads for the state fiscal year. The table is accompanied by a trend chart of the total number of fatalities, the fatality rate and the VMT by state fiscal year. The chart depicts the historical trend for fatality rates in North Carolina, which is declining.

In state fiscal year 2008-2009, NCDOT met its target by having a fatality rate of 1.36, well below the results from the year before.

Additional information, including real time fatality data and chart details for all 100 North Carolina counties can be found on NCDOT's Performance Dashboard at: http://www.ncdot.gov/performance.

North Carolina	SFY 05	SFY 06	SFY 07	SFY 08	SFY 09
Fatalities	1,615	1,572	1,616	1,598	1,384
VMT (100MVM)	982.44	1,012.55	1,026.23	1,025.30	1,014.63
Fatality Rate	1.64	1.55	1.57	1.56	1.36



Measure 1.2 – Statewide Highway Crash Rate

Background: The crash rate is calculated as the number of crashes per year divided by Vehicle Miles Traveled in 100 Millions. The acronym VMT (100MVM) is used for displaying the vehicle miles traveled with a scale of 100 million vehicle miles. For example, there were 229,069 crashes on North Carolina roads in 2008-09, and 101,463 million vehicle miles were traveled on North Carolina roads for that time period, which equals 1,014.63 100MVM. Therefore, the crash rate for 2008-09 is: 229,069 divided by 1,014.63 which are equal to 225.77 crashes per 100MVM traveled. The data is derived from the Division of Motor Vehicles Crash Database.

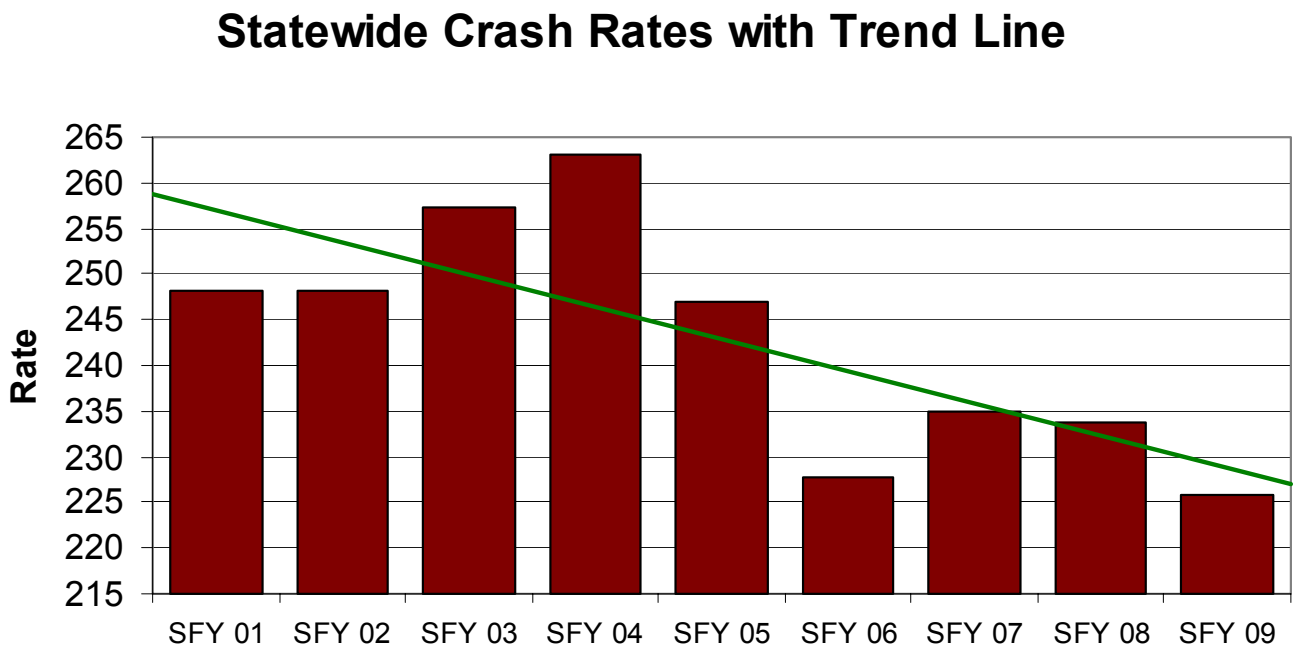
Objective: NCDOT has established an overall reduction in the crash rate as its target. A crash rate value below the value of 233.80 meets or exceeds expectations.

Results: The table includes the total number of crashes on North Carolina roads for the state fiscal year. The table is accompanied by a trend chart of the total number of crashes, the crash rate and the VMT by state fiscal year. The chart depicts the historical trend for crash rates in North Carolina, which is declining.

In state fiscal year 2008-2009, NCDOT met its target by having a crash rate of 225.77, well below the results from the year before.

Additional information, including real time crash data and chart details for all 100 North Carolina counties can be found at http://www.ncdot.gov/performance.

North Carolina	SFY 05	SFY 06	SFY 07	SFY 08	SFY 09
Crashes	242,590	230,524	241,182	239,703	229,069
VMT (100MVM)	982.44	1,012.55	1,026.23	1,025.30	1,014.63
Crash Rate	246.93	227.67	235.02	233.79	225.77



Measure 1.3 – Statewide Highway Injury Rate

Background: The injury rate is calculated as the number of injuries per year divided by Vehicle Miles Traveled in 100 Millions. The acronym VMT (100MVM) is used for displaying the vehicle miles traveled with a scale of 100 million vehicle miles. For example, there were 107,931 injuries on North Carolina roads in 2008-09, and 101,463 million vehicle miles were traveled on North Carolina roads in that same time period, which equals 1,014.63 100MVM. Therefore, the injury rate for 2008-09 is: 107,931 divided by 1,014.63 which are equal to 106.37 injuries per 100MVM traveled. The data is derived from the Division of Motor Vehicles Crash Database.

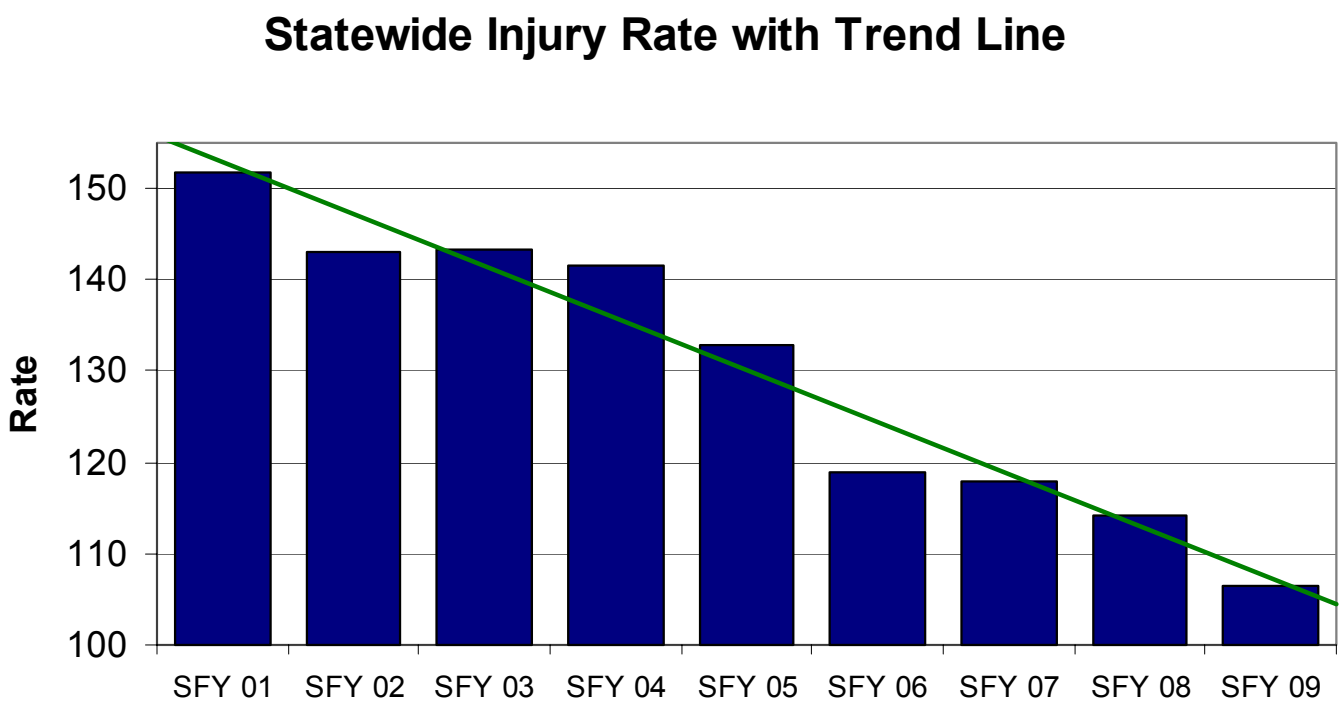
Objective: NCDOT has established an overall reduction in the injury rate as its target. An injury rate below the value of 115.60 meets or exceeds expectations.

Results: The table includes the total number of injuries on North Carolina roads for the state fiscal year. The table is accompanied by a trend chart of the total number of injuries, the injury rate and the VMT by state fiscal year. The number of injuries includes severe (known as "Class A") and moderate (known as "Class B") injuries only. The chart depicts the historical trend for injury rates in North Carolina, which is declining.

In state fiscal year 2008-2009, NCDOT met its target by having an injury rate of 106.37, well below the results from the year before.

Additional information, including real time injury data and chart details for all 100 North Carolina counties can be found at http://www.ncdot.gov/performance.

North Carolina	SFY 05	SFY 06	SFY 07	SFY 08	SFY 09
Injuries	130,578	120,497	120,960	117,177	107,931
VMT (100MVM)	982.44	1,012.55	1,026.23	1,025.30	1,014.63
Injury Rate	132.91	119.00	117.87	114.29	106.37



Measure 1.4 – Statewide Safety Belt Usage

Background: North Carolina's goal for vehicle occupant protection is to increase safety belt use through education and law enforcement. NCDOT strives to increase the statewide safety belt use rate by:

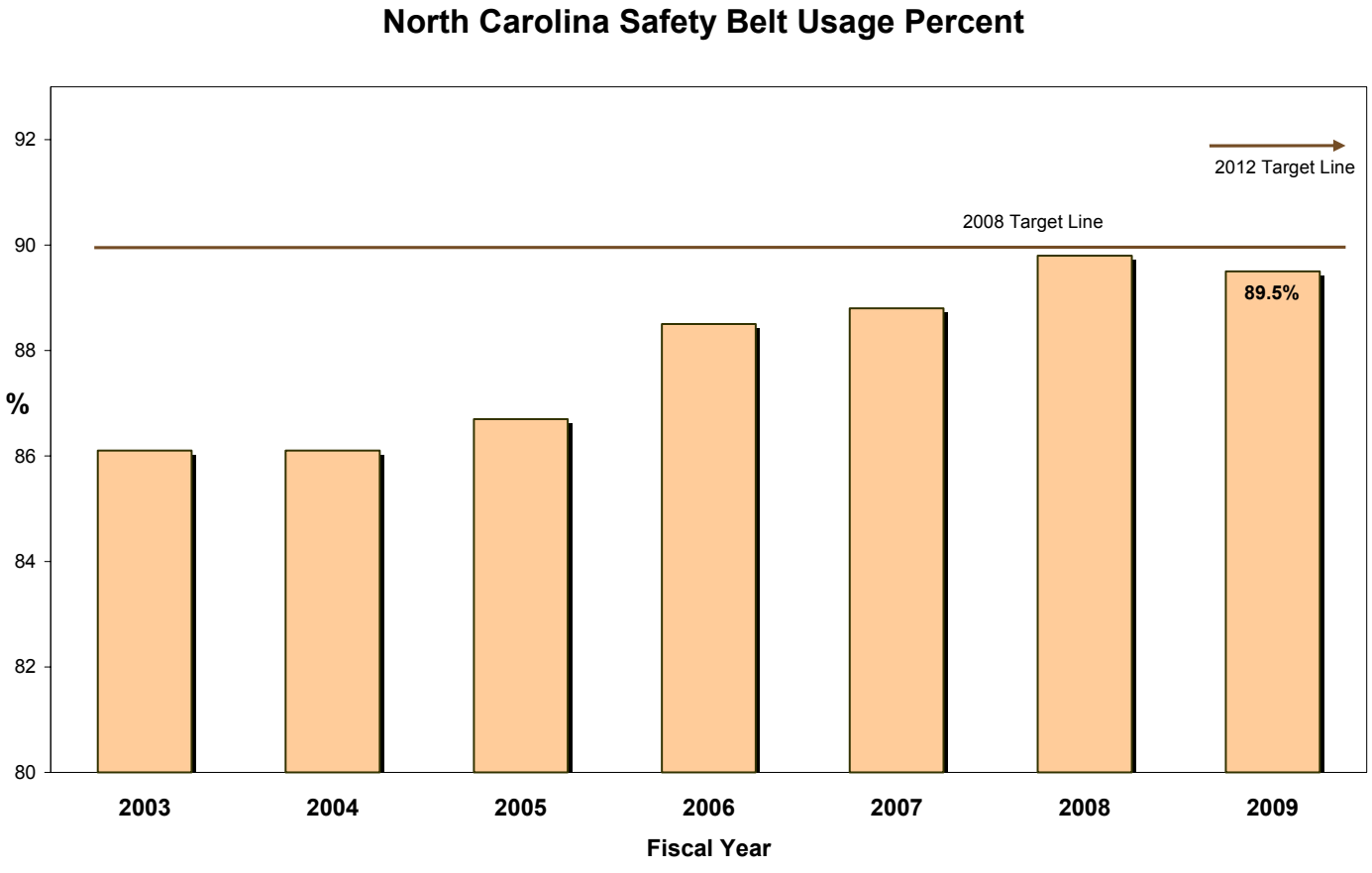
- Decreasing fatalities from non-restraint use to less than 500 per year
- Increasing usage rates among the 16 – 24 year old age group
- Increasing the usage rate among male drivers

Objective: After posting the highest safety belt usage rate in North Carolina history, NCDOT strived to increase the statewide safety belt usage rate to 90 percent this year and to 92 percent by 2012.

Results: In state fiscal year 2008-2009 NCDOT established a target of 90 percent. North Carolina declined slightly from its record seat belt use last year and fell just short of its target at 89.5 percent in fiscal year 2009.

The data and results are managed by the Governor's Highway Safety Program.

Fiscal Year	Percent Usage		Fiscal Year	Percent Usage
2002-2003	86.1		2007-2008	89.8
2003-2004	86.1		2008-2009	89.5
2004-2005	86.7			
2005-2006	88.5		2010-2011 Target	90.0
2006-2007	88.8		2011-2012 Target	92.0



Measure 1.5 – Number of Centrally Issued Driver Licenses

Background: The Division of Motor Vehicles began a pilot program for the central issuance of driver licenses and identification cards on July 1, 2008 at two driver license offices. Central issuance provides staff more time to fully investigate questionable documents and verify them with their issuing agencies. It also provides the most efficient way of assuring a secure license production facility. DMV is procuring a new license production system which will incorporate required features such as front-end capture of customer's digital image; document scanning of all customer documents; connections to databases such as Systematic Alien Verification for Entitlements (SAVE) and Student and Exchange Visitor Information System (SEVIS) for aliens; and use of tamper-proof materials, etc.

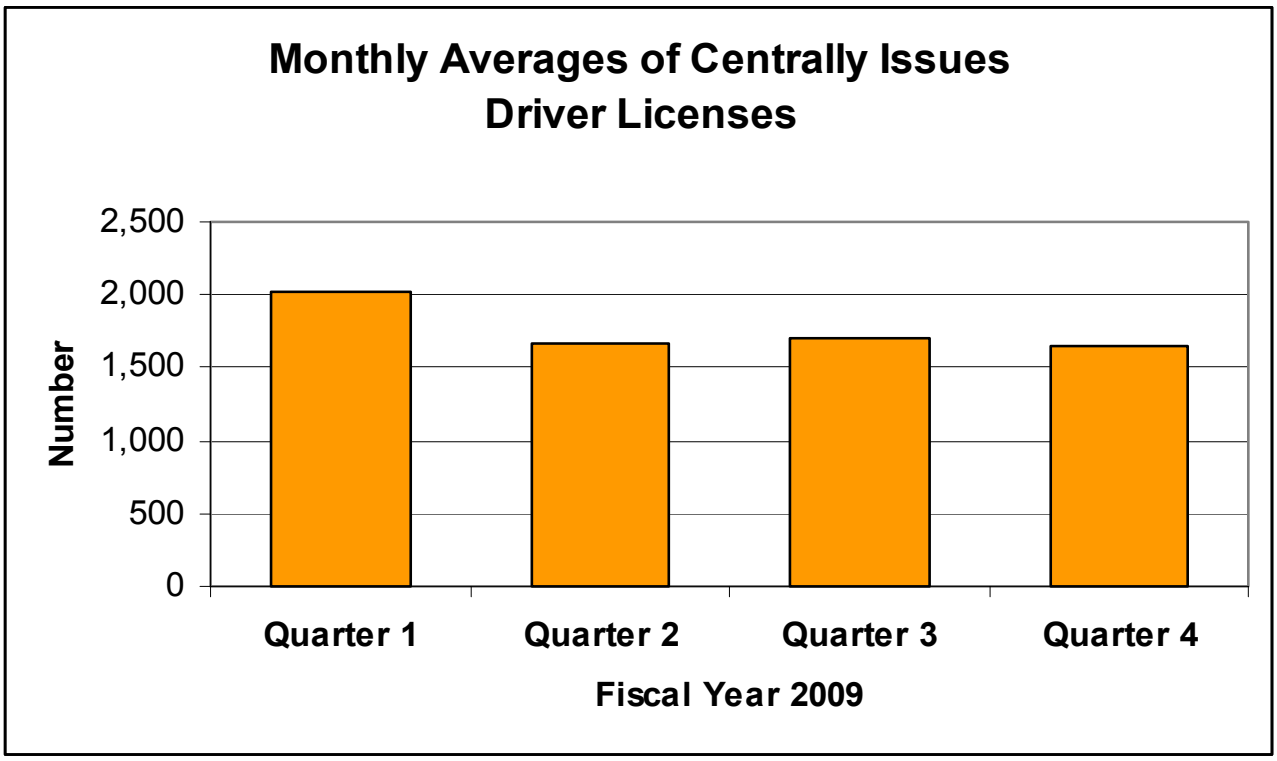
Objective: Implementing a process to issue all driver licenses centrally potentially reduces the number of customers using fraudulent, falsified or outdated documents to obtain driver licenses. The DMV expects to centrally distribute an average of up to 1,500 licenses per office each month.

Results: During the 2008-2009 introduction phase, the Department processed and distributed an average of 1,763 verified driver licenses to drivers per month, or a total of 21,151 during the state fiscal year.

The data and results are managed by the Division of Motor Vehicles.

Month	Total	Month	Total	Month	Total	Month	Total
July	2,266	October	2,005	January	1,608	April	1,582
August	1,989	November	1,356	February	1,740	May	1,515
September	1,816	December	1,646	March	1,775	June	1,853
Quarter 1 AVG	**2,024**	**Quarter 2 AVG**	**1,669**	**Quarter 3 AVG**	**1,708**	**Quarter 4 AVG**	**1,650**

Monthly Average	1,763
FY Total	21,151



Make our transportation network move people and goods more efficiently

NCDOT has established five organizational performance measures for the goal of making our transportation move people and goods more efficiently.

Measure 2.1 – Percentage of Strategic Highway Corridor Miles that have Little or No Recurring Congestion

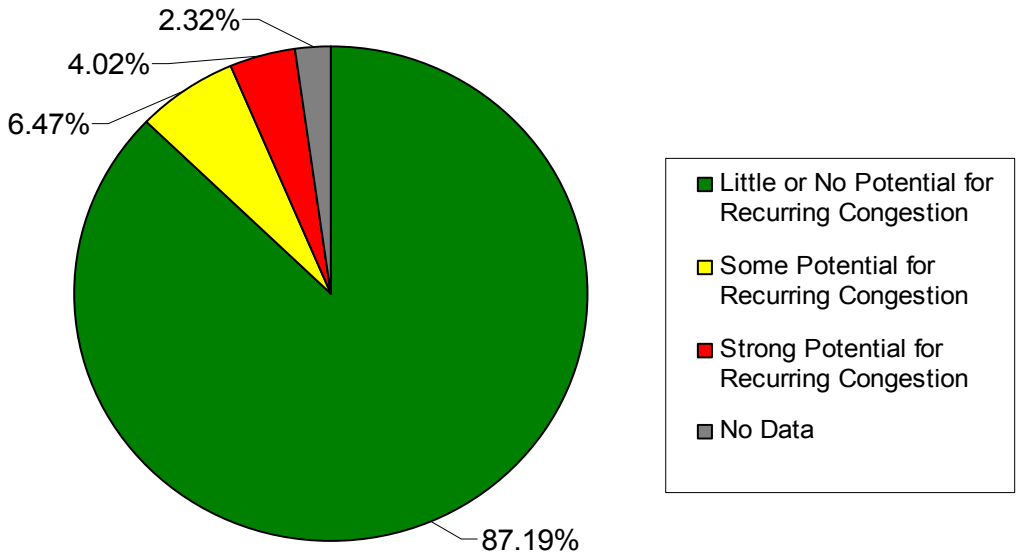
Background: Recurring congestion is congestion caused by routine traffic volumes operating in a typical environment. This type of congestion is primarily based on the physical characteristics of the highway including the number of lanes and traffic signals and does not account for incidents such as crashes, bad weather and road work. Highway recurring congestion data is calculated using volume-to-capacity ratios. The volume data is based on 2007 traffic counts (AADT) along sections of the highways. AADT is the acronym for Average Annual Daily Traffic, which is the traffic volume for all lanes in both directions passing a point on the highway system. It represents the average of all days during the year with typical traffic conditions. The capacities are based on July 2008 highway geometric data and conditions such as the number of lanes, number of traffic signals, percent of trucks and speed limit. Capacities are developed using the North Carolina Level of Service program, which is a software program developed by N.C. State University based on the Transportation Research Boards Highway Capacity Manual. The volume-to-capacity ratios are computed by taking the volumes for each section and dividing it by the capacity of that section. The ratios are used to classify the likelihood of recurring congestion on the highway.

Objective: NCDOT has established an overall improvement in reducing congestion as its target. The current annual target is to achieve 85 percent or greater of SHC miles shall be functioning with little or no recurring congestion.

Results: The pie chart indicates that 87 percent of the Strategic Highway Corridors are functioning with little or no potential for recurring congestion, 6.5 percent are functioning with some potential for recurring congestion, and 4 percent have a strong potential for recurring congestion. Data is not available for 2 percent of the Strategic Highway Corridors, primarily due to lack of traffic counts along sections of highway. Based on this data, NCDOT has met its target. In addition, six recently completed highway projects were not factored into the results due to incomplete data.

The data and results are managed by the Strategic Planning Office – Intergovernmental Affairs.

Likelihood of Recurring Congestion on North Carolina's Strategic Highway Corridors



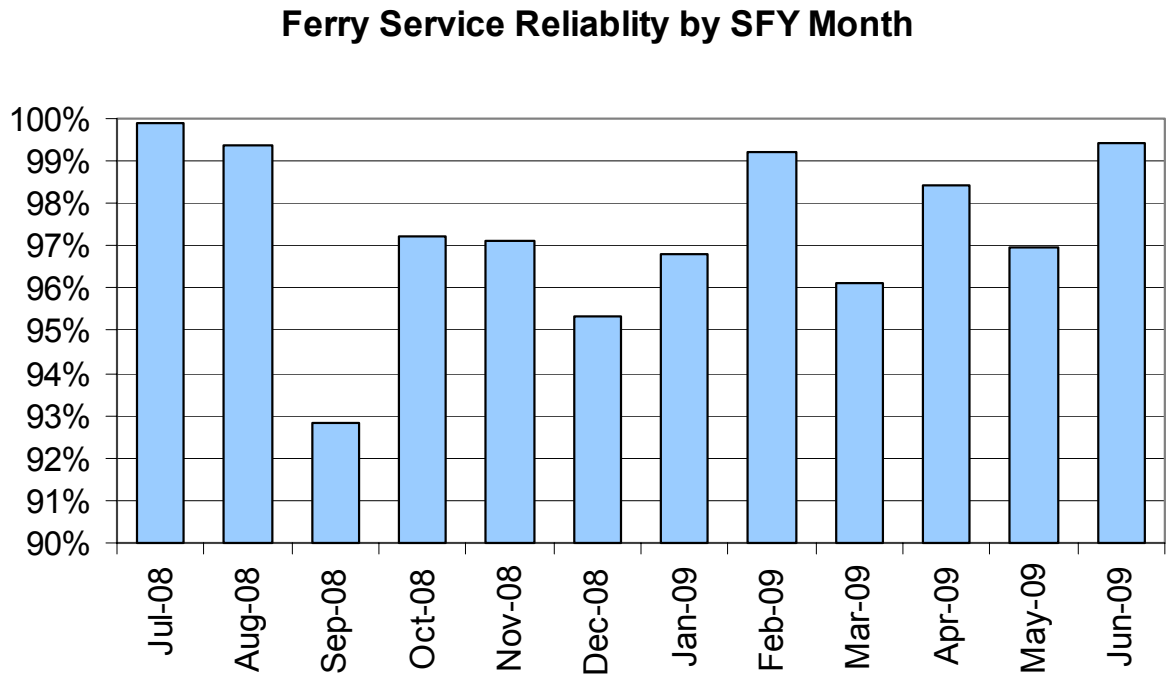
Measure 2.2 – Percentage of Scheduled Ferry Runs Completed

Background: Ferry service reliability is a critical component of moving people and goods along the coastline of North Carolina. In doing so, the NCDOT Ferry Division must meet its customer expectations while performing its responsibilities. The NCDOT Ferry Division schedules over 70,000 ferry trips per year carrying over 2 million passengers and transporting almost 1 million vehicles. This measure evaluates the success rate of each ferry in accomplishing its daily scheduled runs.

Objective: NCDOT has established a target that at least 97% of its scheduled ferry runs shall be completed as planned.

Results: In state fiscal year 2008-2009, NCDOT met its target of completing 97.59% of its scheduled ferry runs. Due to budget constraints and excessive repairs to aging sound-class vessels, scheduled ferry runs were reduced in 2008-09 resulting in less traffic volume; however, ferry service demands remained constant. The most common causes for delay or cancellation of scheduled ferry trips were weather-related issues. The Hatteras ferries had the highest success rates, while the Currituck ferries had the lowest success rates. In turn, September 2008 had the lowest reliability rate due to hurricane-related cancellations. The data and results are managed by the Ferry Division.

Ferry Service Reliability by Location			
FERRY FACILITY	**SCHEDULED RUNS**	**MISSED RUNS**	**% OF SCHEDULED RUNS COMPLETED**
CEDAR ISLAND	1,890	46	97.57%
CHERRY BRANCH	23,638	656	97.22%
CURRITUCK	4,752	208	95.62%
HATTERAS	20,503	196	99.04%
OCRACOKE	2,816	82	97.09%
PAMLICO RIVER	8,538	125	98.54%
SOUTHPORT	9,444	406	95.70%
SWAN QUARTER	964	31	96.78%
TOTALS	72,545	1,750	97.59%



Measure 2.3 – Average Time to Clear a Major Accident

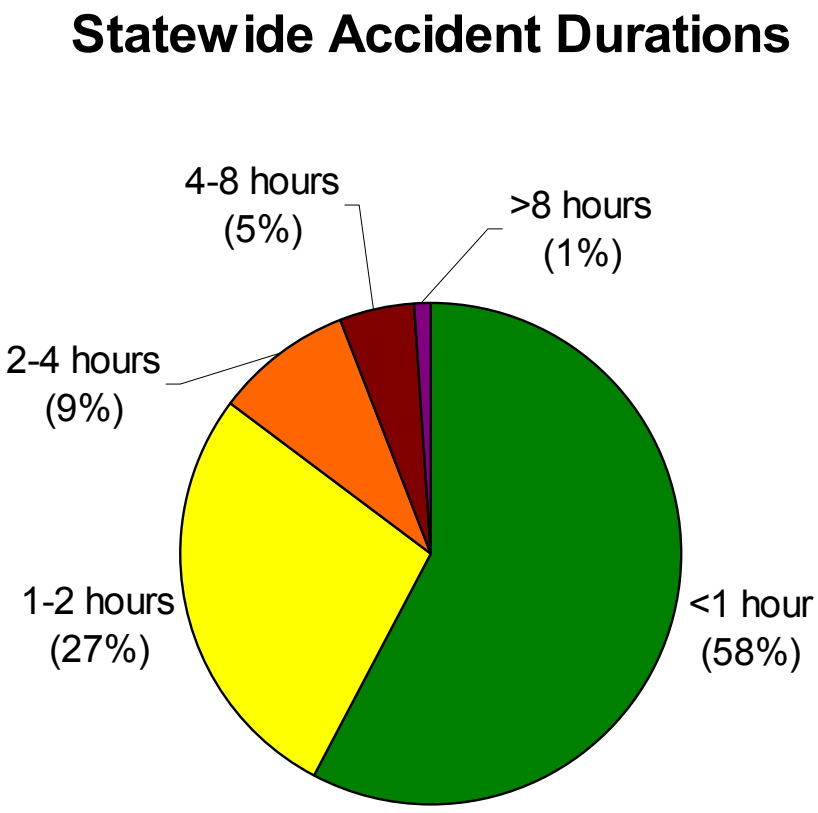
Background: Highway congestion can be categorized into either recurring congestion such as rush hour traffic and non-recurring congestion, which includes congestion caused by accidents, weather and work zones. National studies show that over half of all congestion is non-recurring. Clearing accidents from roadways quickly decreases the congestion that results from a major accident. The chart and table below depicts the average time it takes to clear a major accident (one that causes significant or unusual delays) from a North Carolina highway. This data is from NCDOT's Traveler Information Management System (TIMS), which includes real time traffic information from across the state. TIMS can be found at www.ncdot.gov/traffictravel/.

Objective: NCDOT has established a target of 90 minutes or less, which is also the national goal for incident clearance. Cooperation with local and state law enforcement and emergency response agencies is essential to meet this target.

Results: In fiscal year 2009, there were 1,873 major accidents reported on highways in North Carolina. The average time to clear those accidents was 79.6 minutes. In addition, 81 percent of all major accidents were cleared within the target of 90 minutes.

The data and results are managed by the Transportation Mobility and Safety Division.

ACCIDENT CLEARANCE TIMES					
Clearance Time	<1 hour	1-2 hours	2-4 hours	4-8 hours	>8 hours
Number of Accidents	1,084	513	169	85	22
Percent of Total	58%	27%	9%	5%	1%



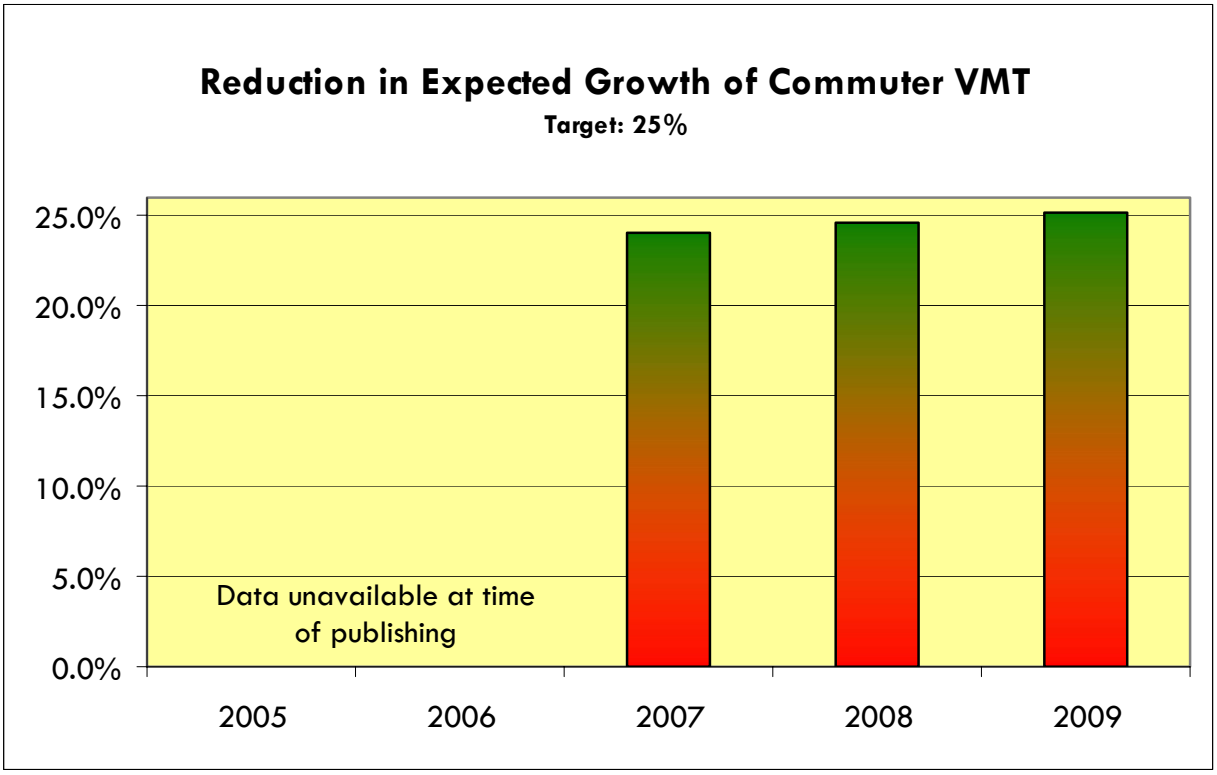
Measure 2.4 – Percentage Reduction in Expected Growth of Commuter Generated Vehicle Miles Traveled

Background: North Carolina Session Law 1999-328, The Ambient Air Quality Improvement Act, established statewide goals for reducing the growth of vehicle miles traveled (VMT) generated by commuter traffic. The legislation directed NCDOT to develop a plan to reduce VMT growth by 25 percent by July 1, 2009, focusing on job-related travel.

Objective: From 2000 to 2009 VMT generated through daily commuter travel has greatly increased. By encouraging the use of carpools, vanpools and bus transit, the generated growth of VMT has been reduced. The goal established by Senate Bill 953 was to have a 25 percent reduction in the projected growth of VMT by July 1, 2009.

Results: NCDOT met its goal by reducing the projected growth of VMT by 25.2% as of July 1. The use of alternative modes to commute to work, including carpools, vanpools, bus transit and most recently light rail service in Charlotte, have contributed to a 25 percent total reduction in the projected growth of VMT from 2000 to 2009. Record fuel prices, expansion of local transit service and the implementation of Charlotte's light rail service have contributed to our ability to meet the goal.

The data and results are managed by the Public Transportation Division.



Measure 2.5 – Percentage Increase in the Number of Intercity Rail Passengers

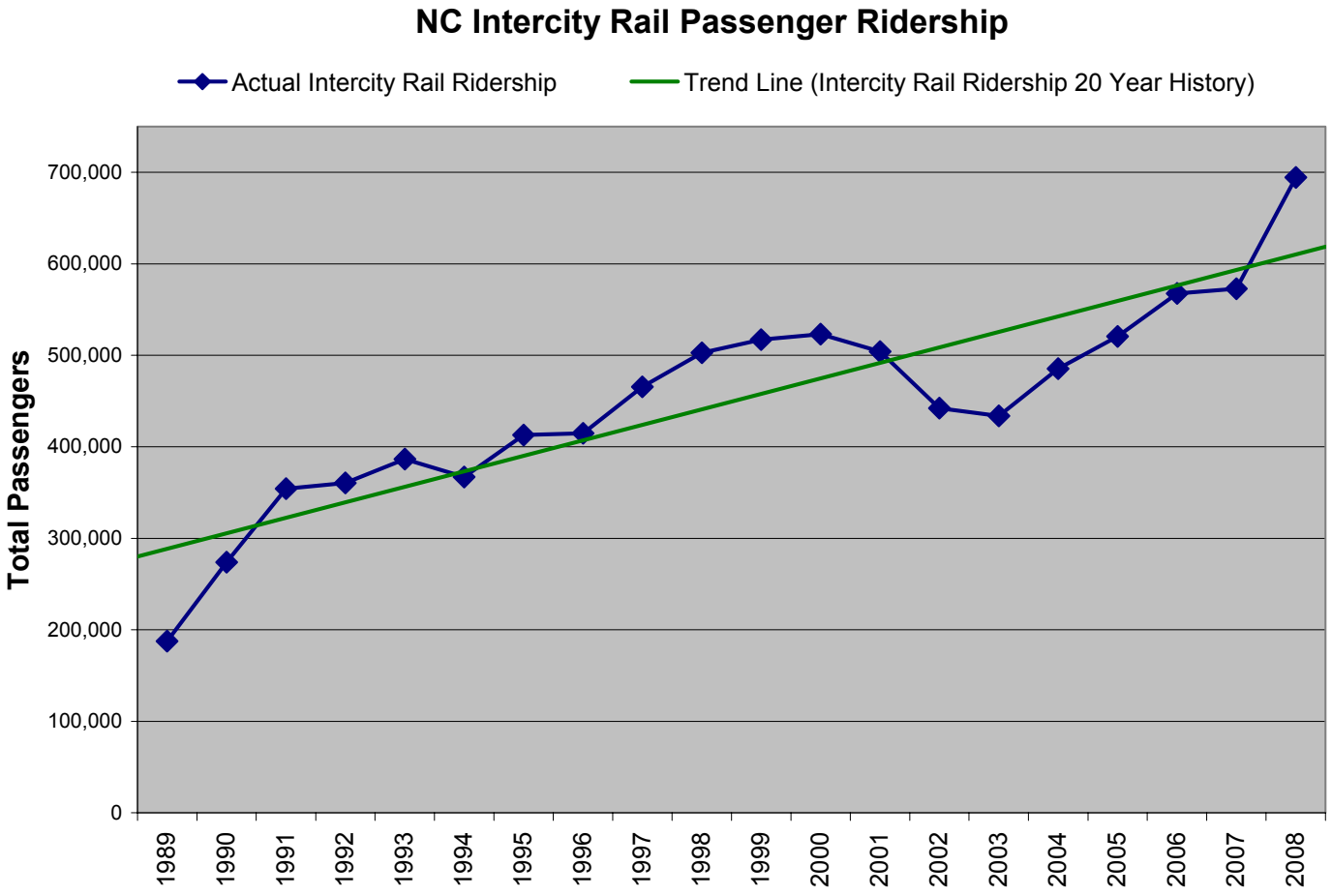
Background: The NCDOT Rail Division served almost 700,000 intercity rail passengers during the previous federal fiscal year (October 2007-September 2008). The *Piedmont* and *Carolinian* trains are sponsored by NCDOT and paid for through state funding, Amtrak and passenger fares. The two trains provide daily service to Raleigh, Greensboro, Charlotte and nine other North Carolina cities and to the northeastern United States.

Objective: To meet the ridership demands of passengers who desire an affordable, convenient and safe transportation alternative. The current target for ridership is an increase of 3 percent from the previous year.

Results: In federal fiscal year 2007-2008, NCDOT achieved a 21 percent increase from the previous federal fiscal year, exceeding performance expectations. With current trends in fuel prices and improved public transportation, ridership and demand on intercity trains is expected to continue to grow.

Ridership growth can also be attributed to continued rail infrastructure improvements on the Raleigh to Charlotte route with the average travel time now at 3 hours and 9 minutes, making it automobile competitive.

This data and results are managed by the Rail Division.



Make our infrastructure last longer

NCDOT has established five organizational performance measures for the goal of making our infrastructure last longer.

Measure 3.1 – Percentage of Interstate Route Pavement Lane Miles in Good Condition

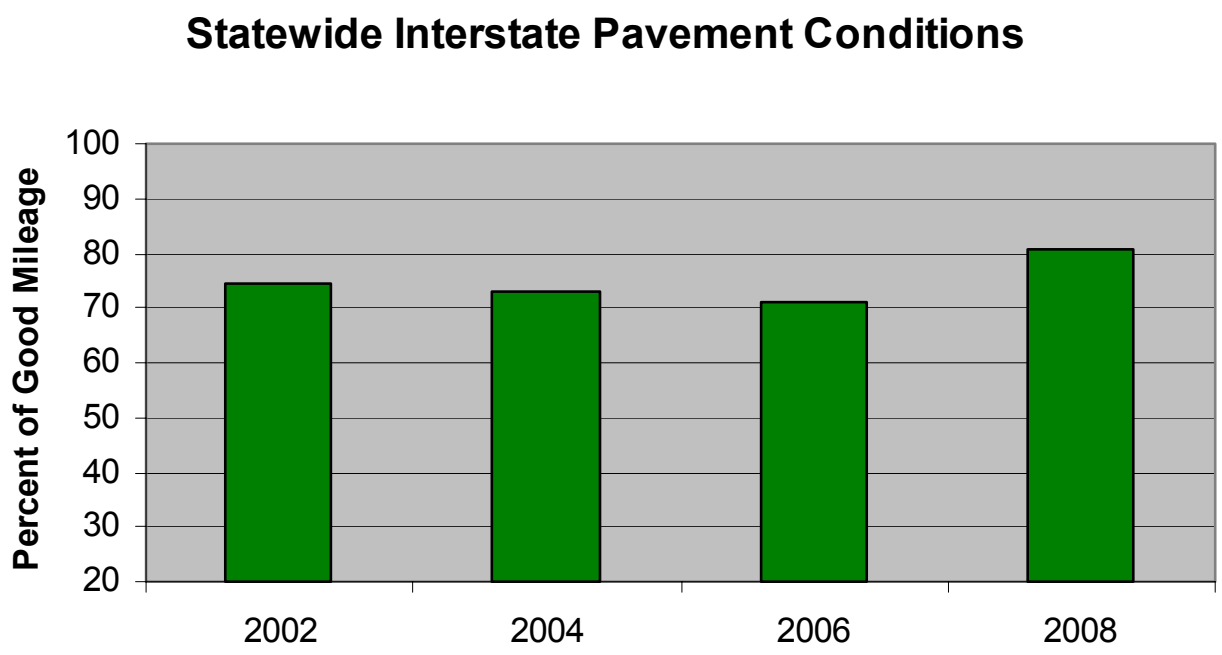
Background: This measure is defined as the percentage of interstate pavement lane miles rated in good condition. A good condition for pavement is defined as a Pavement Condition Rating (PCR) value that is 80 or higher on a 0 to 100 point scale. The PCR rating displayed is a composite score determined through a pavement condition survey performed annually for interstate routes. The survey uses the complete roadway length for all asphalt surfaced roadways and a sampling of every mile of concrete pavement. The data is derived from the Maintenance Condition Assessment Program (MCAP) Report, which is conducted biannually. The survey results is a snapshot of the conditions at the time of assessment

Objective: NCDOT has established an overall target of 85 percent of interstate lane miles shall be in good condition. The most recent evaluation was in 2008. The objective is to continue to improve scores biannually.

Results: Since the 2006 ratings, the Department is moving upward with the posting of a statewide rating of 80.5 percent.

This data and results are managed by the Pavement Management Unit – Asset Management Division.

NC Interstate Routes	2002	2004	2006	2008	Trend
Total Mileage	1,763.8	1,961.6	2,117.7	2,038.3	▲
Good Mileage	1,311.7	1,434.8	1,501.0	1,640.8	▲
Percent of Good Mileage	74.4%	73.1%	70.9%	80.5%	▲



Measure 3.2 – Percentage of Primary Route Pavement Lane Miles in Good Condition

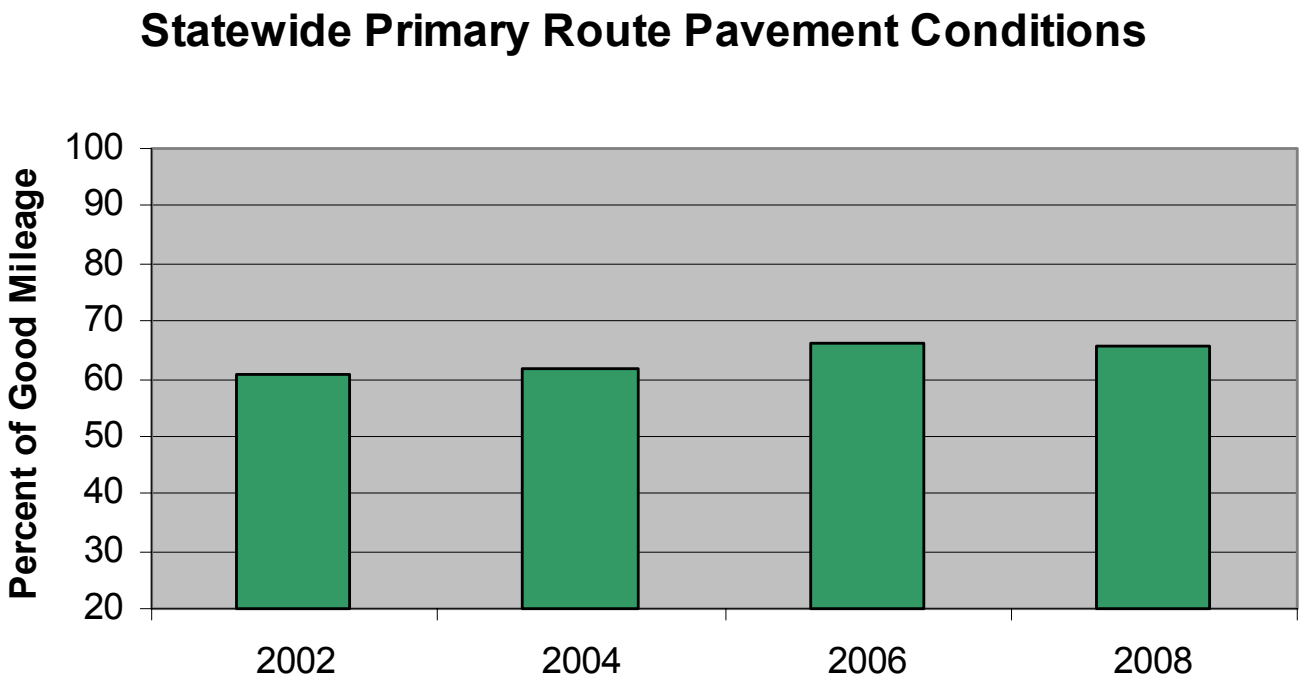
Background: This measure is defined as the percentage of primary route lane miles in good condition. A good condition for pavement is defined as a Pavement Condition Rating (PCR) value that is 80 or higher on a 0 to 100 point scale. The PCR score displayed is a composite score determined using a pavement condition survey performed every two years for primary and secondary routes. The survey uses the complete roadway length for all asphalt surfaced roadways and a sampling of every mile of concrete pavement. The data is derived from the Maintenance Condition Assessment Program (MCAP) Report conducted biannually. The survey results are a snapshot of the conditions at the time of assessment.

Objective: NCDOT has established an overall target that 80 percent of primary lane miles shall be in good condition. The most recent evaluation was in 2008. The objective is to continue to improve the scores biannually.

Results: Since the 2006 ratings, the Department is moving slightly downward by posting a statewide rating of 65.4 percent.

This data and results are managed by the Pavement Management Unit – Asset Management Division.

NC Primary Routes	2002	2004	2006	2008	Trend
Total Mileage	15,051.3	15,302.2	15,488.7	15,560.9	▲
Good Mileage	9,132.7	9,439.6	10,265.9	10,176.8	▼
Percent of Good Mileage	60.7%	61.7%	66.3%	65.4%	▼



Measure 3.3 – Percentage of Secondary Route Pavement Lane Miles in Good Condition

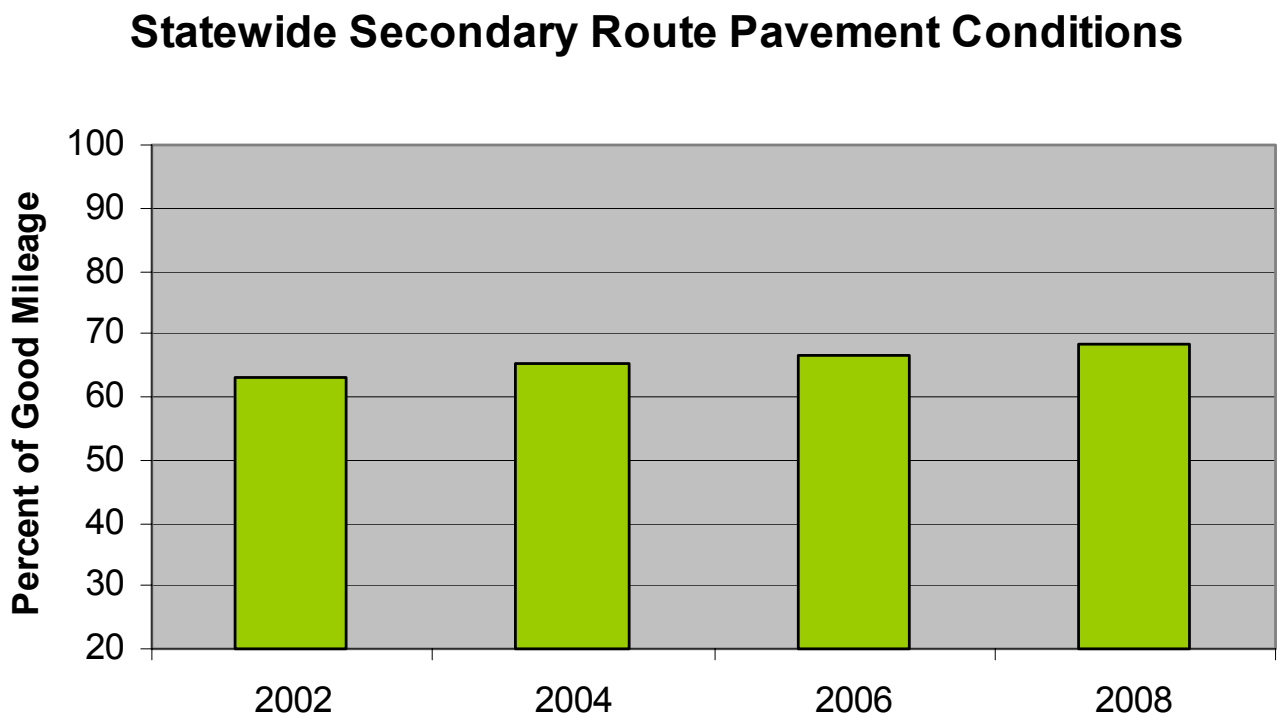
Background: This measure is defined as the percentage of secondary route lane miles in good condition. A good condition for pavement is defined as Pavement Condition Rating (PCR) value that is 80 or higher on a 0 to 100 point scale. The PCR score displayed is a composite score determined using a pavement condition survey performed every two years for primary and secondary routes. The survey uses the complete roadway length for all asphalt surfaced roadways and a sampling of every mile of concrete pavement. The data is derived from the Maintenance Condition Assessment Program (MCAP) Report conducted biannually. The survey results are a snapshot of the conditions at the time of assessment.

Objective: NCDOT has established an overall target of 75 percent of secondary lane miles shall be in good condition. The most recent evaluation was in 2008. The objective is to continue to improve scores biannually.

Results: Since the 2006 ratings, the Department is moving upward by posting a statewide rating of 68.5 percent.

This data and results are managed by the Pavement Management Unit – Asset Management Division.

NC Secondary Routes	2002	2004	2006	2008	Trend
Total Mileage	55,695.3	57,029.5	58,127.3	58,848.3	▲
Good Mileage	35,051.1	37,161.3	38,608.5	40,312.1	▲
Percent of Good Mileage	62.9%	65.2%	66.4%	68.5%	▲



Measure 3.4 – Percentage of Bridges in Good Condition

Background: Bridge health index is defined as the percentage of bridges in good or excellent condition. A bridge is considered to be in good condition if the Level of Service (LOS) for Deck, Sub-Structure and Super Structure are all greater than or equal to 6 on a 1 to 9 point scale. Bridge health indices are determined using a bridge condition survey in which each bridge in the state is surveyed every two years. The survey results are a snapshot of the conditions at the time of assessment. The bridge health index does not reflect the safety of bridges and highway structures.

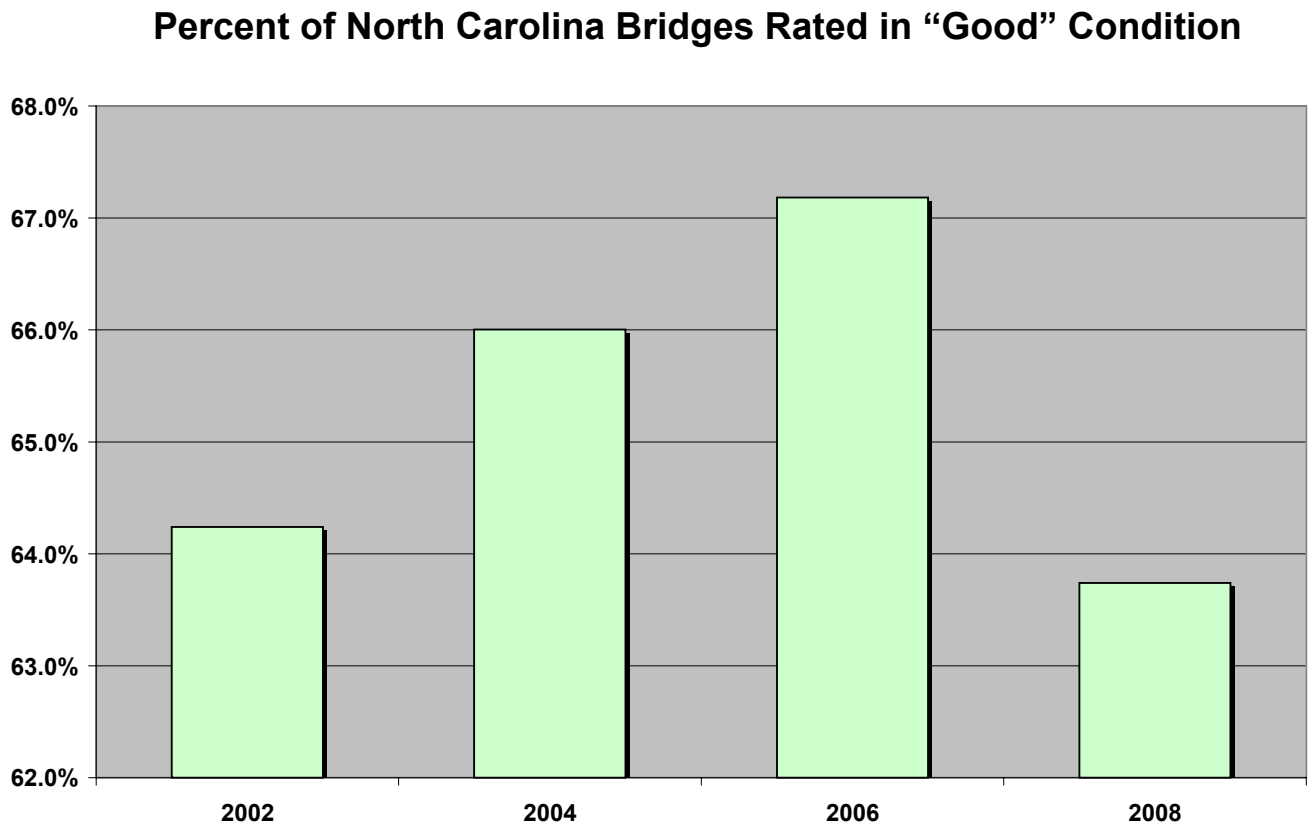
Objective: NCDOT management has established an overall target that 76% of bridges shall be in good condition. The objective is to continue to improve scores biannually.

Results: The general trend over the previous condition scores has been static with a range between 63 percent and 63.7 percent of bridges rated in good condition. The total number of bridges added to the transportation system has also increased.

This data and results are managed by the Bridge Management Unit – Asset Management Division.

NC Bridges	2002	2004	2006	2008	Trend
Total Bridges	12,402	12,525	12,615	12,739*	▲
Good Bridges	7,967	8,267	8,475	8,120	▼
Percent of Total	64.2%	66.0%	67.2%	63.7%	▼

* total structures evaluated and assessed



Measure 3.5 – Weighted Score of all Highway Features and Elements, excluding Pavement and Bridges, rated in Good Condition

Background: The Roadside Feature Condition is defined as a weighted value score that represents the physical condition of all highway features and elements, excluding pavement and bridge metrics, which are in good or excellent condition. The roadside feature Level of Service (LOS) is determined by evaluating samples of 0.2 mile segments of road for various roadway features and elements such as:

- Shoulders and Ditches – Low Shoulder, High Shoulder, Lateral Ditches
- Drainage – Blocked or Damaged Pipes and Gutters
- Roadside – Mowing, Brush and Tree Control, Litter and Debris, Slope and Guardrail
- Traffic Control Devices – Traffic Signs, Pavement Markings, Traffic Signals
- Environmental – Turf Condition, Miscellaneous Vegetation Management

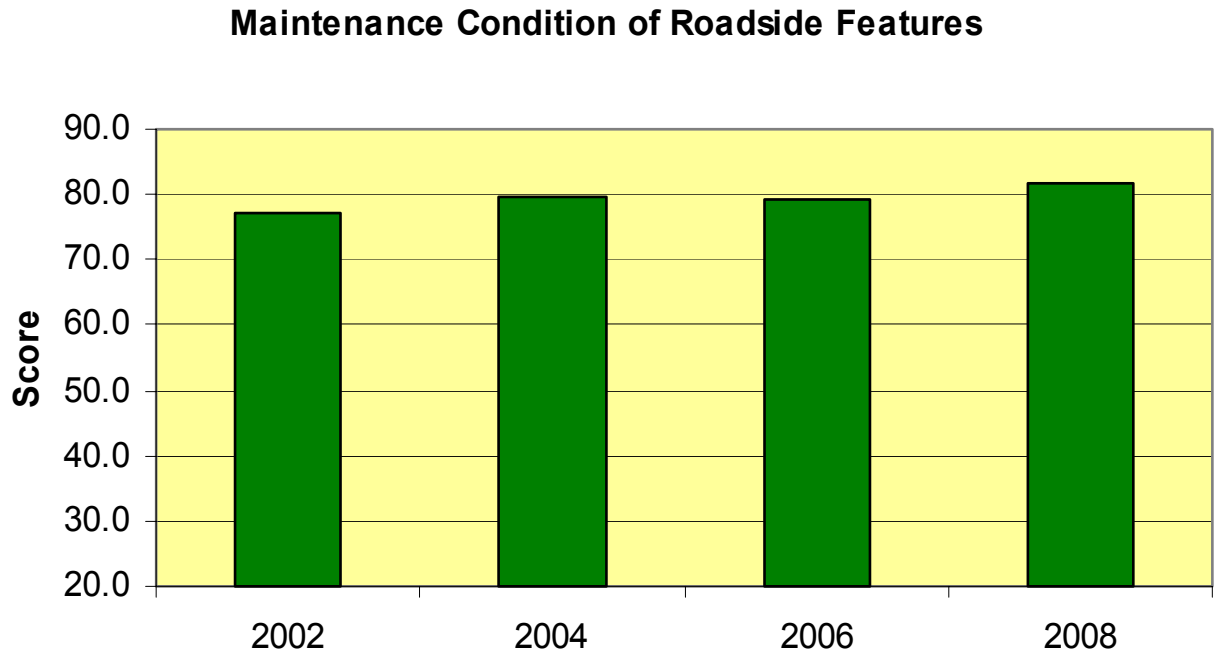
The survey results are a snapshot of the element conditions at the time of assessment.

Objective: The LOS value reflects a composite score of the surveyed elements that are in an acceptable range on a 0 to 100 point scale. On a statewide basis, including the interstate, primary and secondary systems, the established target is a score of 84. This target result is the combined average score of all systems.

Results: Based on the 2008 ratings, the Department scored a statewide rating of 81.7. Because of multiple element and feature definitions and sample areas, biannual ratings cannot be accurately compared for trend analysis.

This data and results are managed by the State Road Maintenance Unit – Asset Management Division.

Roadside Features	2002	2004	2006	2008
Overall Good Condition	77.3	79.7	79.3	81.7



Make our organization a place that works well

NCDOT has established 10 performance measures for the goal of making our organization a place that works well. This goal is the most comprehensive goal and includes measures and objectives for program delivery, project delivery, customer services, fiscal and budget management and environmental stewardship.

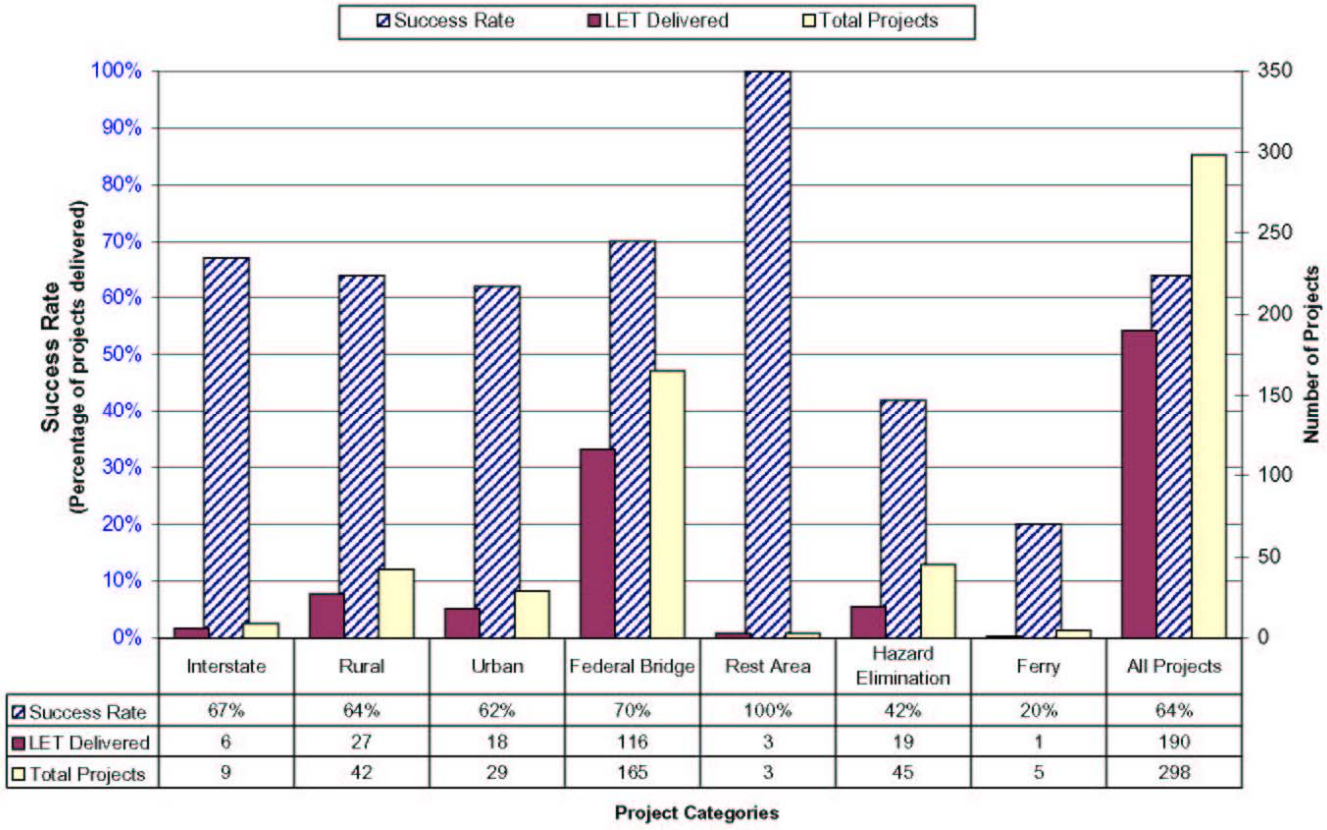
Measure 4.1 – Percentage of Projects "Advertised for Bid" and Awarded to the Contractor for Construction on Schedule

Background: The letting success rate is defined as the percentage of projects that were "advertised for bid" and awarded to a contractor for construction on schedule in state fiscal year 2008-09. The process step of "advertising for bid" is also referred to as "letting." The pre-construction phase of a project is complete once it has been awarded to a contractor for construction. The letting success rate is computed by comparing the number of projects that were planned for let at the beginning of the year to the actual number of projects that were let by the end of that year. This data is compiled by the Schedule Management Office.

Objective: The Department's target is to advertise and award 70 percent of its centrally let highway construction projects on schedule.

Results: For state fiscal year 2008-09 the Department fell below its target with 64 percent of projects let to contract on schedule. The chart below depicts the types of projects let and their success rates in meeting the schedule.

Letting Success Rate (July 2008 – June 2009)



	Interstate	Rural	Urban	Federal Bridge	Rest Area	Hazard Elimination	Ferry	All Projects
Success Rate	67%	64%	62%	70%	100%	42%	20%	64%
LET Delivered	6	27	18	116	3	19	1	190
Total Projects	9	42	29	165	3	45	5	298

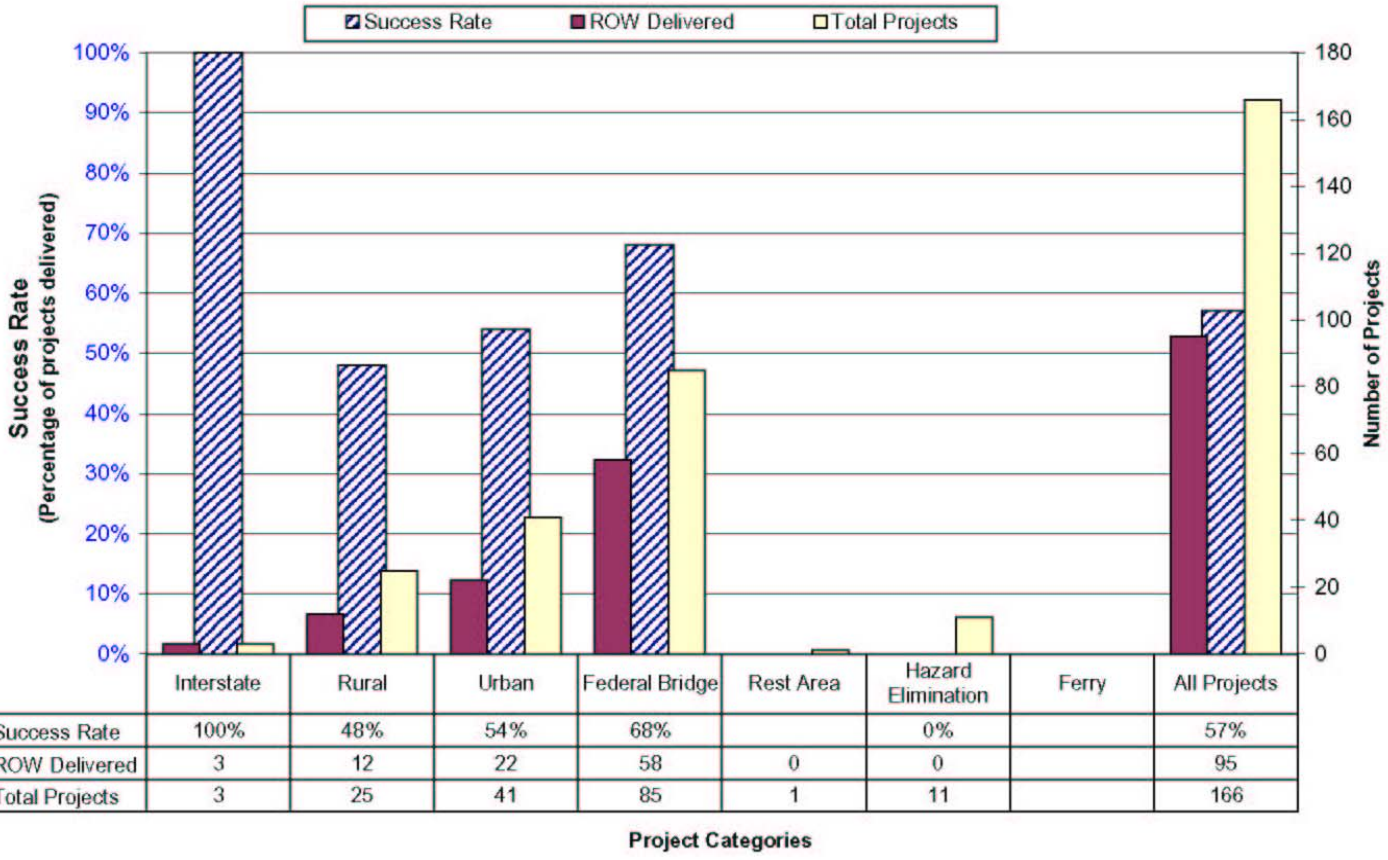
Measure 4.2 – Percentage of Projects that Completed Right of Way Plans on Schedule

Background: The right of way success rate is defined as the percentage of projects that completed right of way plans on schedule in state fiscal year 2008-09. The right of way success rate is computed by comparing the number of projects that were planned for right of way planning at the beginning of the fiscal year to the actual number of projects that were let to contract by the end of the state fiscal year. This data is compiled by the Schedule Management Unit on a quarterly and annual basis.

Objective: The Department's target is to complete 70 percent of right of way plans on schedule.

Results: Due to severe budget constraints, the Department did not meet its target. The target completed 57 percent of its right of way plans on schedule. The chart below depicts the types of projects let and their success rates of meeting the schedule.

Right of Way Plans Success Rate (July 2008 – June 2009)



	Interstate	Rural	Urban	Federal Bridge	Rest Area	Hazard Elimination	Ferry	All Projects
Success Rate	100%	48%	54%	68%		0%		57%
ROW Delivered	3	12	22	58	0	0		95
Total Projects	3	25	41	85	1	11		166

Measure 4.3 – Percentage of Highway Construction Projects Completed on Schedule

Background: This measure is defined as the percent of all highway construction projects that are completed on schedule within the state fiscal year. A project is on schedule if it is completed within 15 days of the contract completion date, including authorized contract time extensions. The data is derived from the Highway Construction and Materials System (HiCAMS) and is updated quarterly.

HiCAMS can produce a real time Construction Progress Report that contains information about active highway construction contracts that are awarded by the Board of Transportation. Although the file is updated nightly from the Construction Management System, portions of the information regarding specific contracts are updated only when progress payments are made to the contractor. When a construction contract is completed, information regarding the contract is no longer available through the Construction Progress Report.

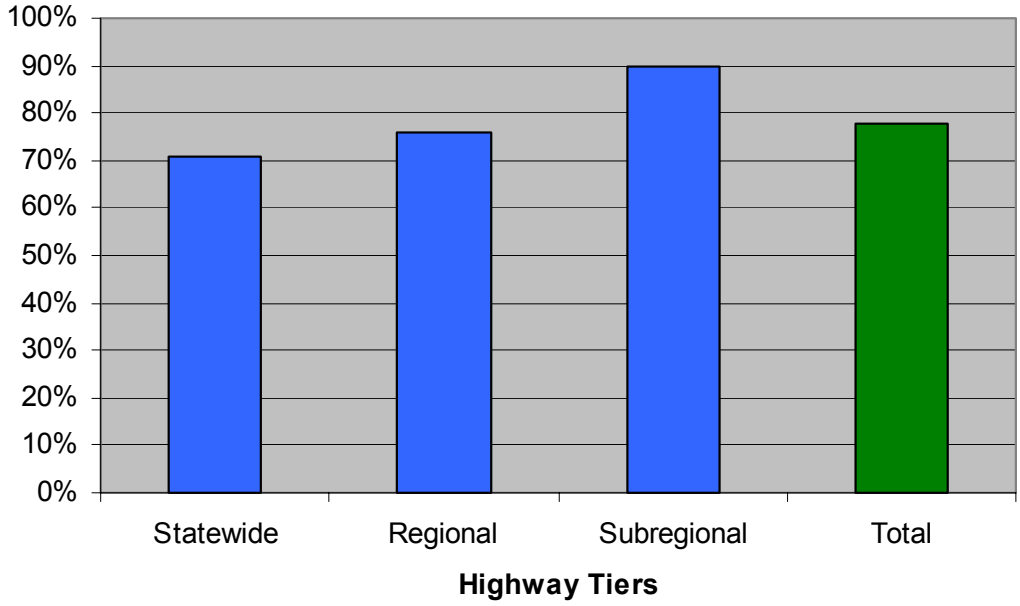
Objective: "On schedule" has been defined as actual progress within 15 percent of the scheduled progress, including authorized contract time extensions. A 70 percent target for on schedule performance has been established.

Results: 78 percent of NCDOT's highway construction projects were completed on schedule during state fiscal year 2008-09.

Information on the status of specific active construction projects can be found at: https://apps.dot.state.nc.us/traffictravel/progloc/.

Highway Tier	Total Projects	Number of Projects Completed On Time	Percent of Projects Completed On Time
Statewide	75	53	71%
Regional	50	38	76%
Subregional	61	55	90%
State Totals	**186**	**146**	**78%**

Percentage of Centrally Let Highway Construction Projects Completed on Schedule



Measure 4.4 – Percentage of Highway Construction Projects Completed on Budget

Background: This measure is defined as the percent of all highway construction projects that are completed on budget within the state fiscal year. A project is on budget if it is completed within 3 percent of the budgeted amount for the project. This budget measurement includes both the payments to the contractor and NCDOT engineering and inspection costs. This data is derived from the Highway Construction and Materials System (HiCAMS) and the SAP Budget Accounting System and is updated quarterly.

HiCAMS is a custom database that tracks and supports highway construction work and the testing of materials used in the construction process. HiCAMS can produce a real time Construction Progress Report that contains information about active highway construction contracts that are awarded by the Board of Transportation.

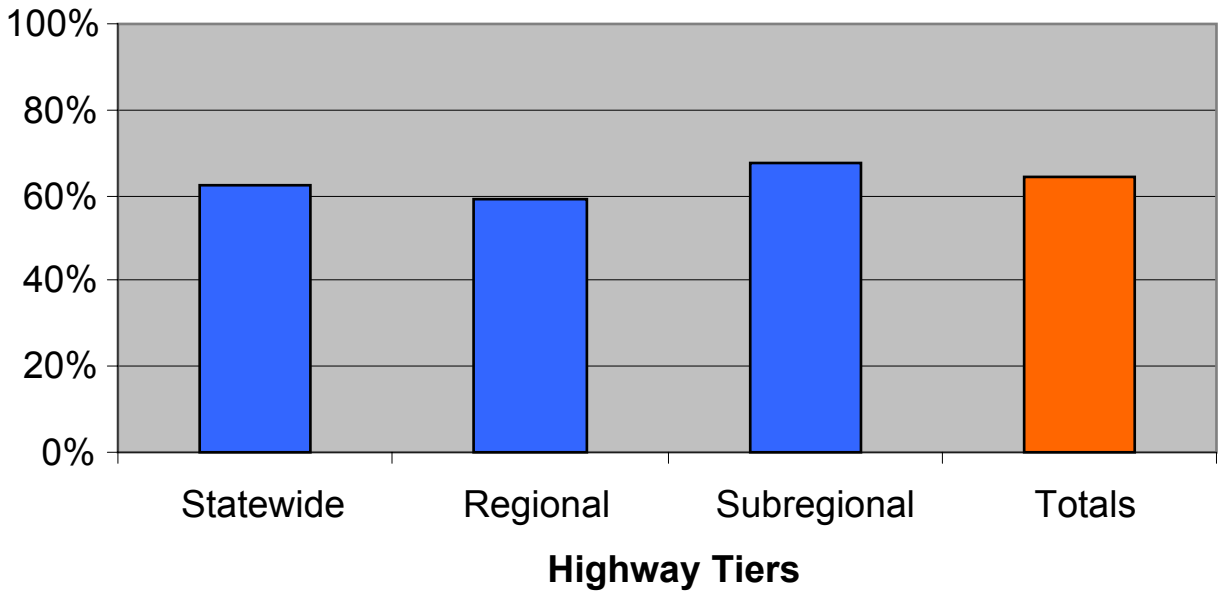
Objective: A project is on budget within 3 percent of the budgeted amount. NCDOT has established a target to have at least 70 percent of its construction projects on budget.

Results: 65 percent of NCDOT's highway construction projects were completed on schedule during state fiscal year 2008-09.

Information on the status of specific active construction projects can be found at: https://apps.dot.state.nc.us/traffictravel/progloc/.

Highway Tier	Total Projects	# of Projects ≤3%	Percent of Projects Meeting Target
Statewide	40	25	62.5%
Regional	27	16	59.3%
Subregional	58	39	67.2%
State Totals	**125**	**80**	**64.0%**

Percentage of Projects Less Than or Equal to 3 Percent Over Budget



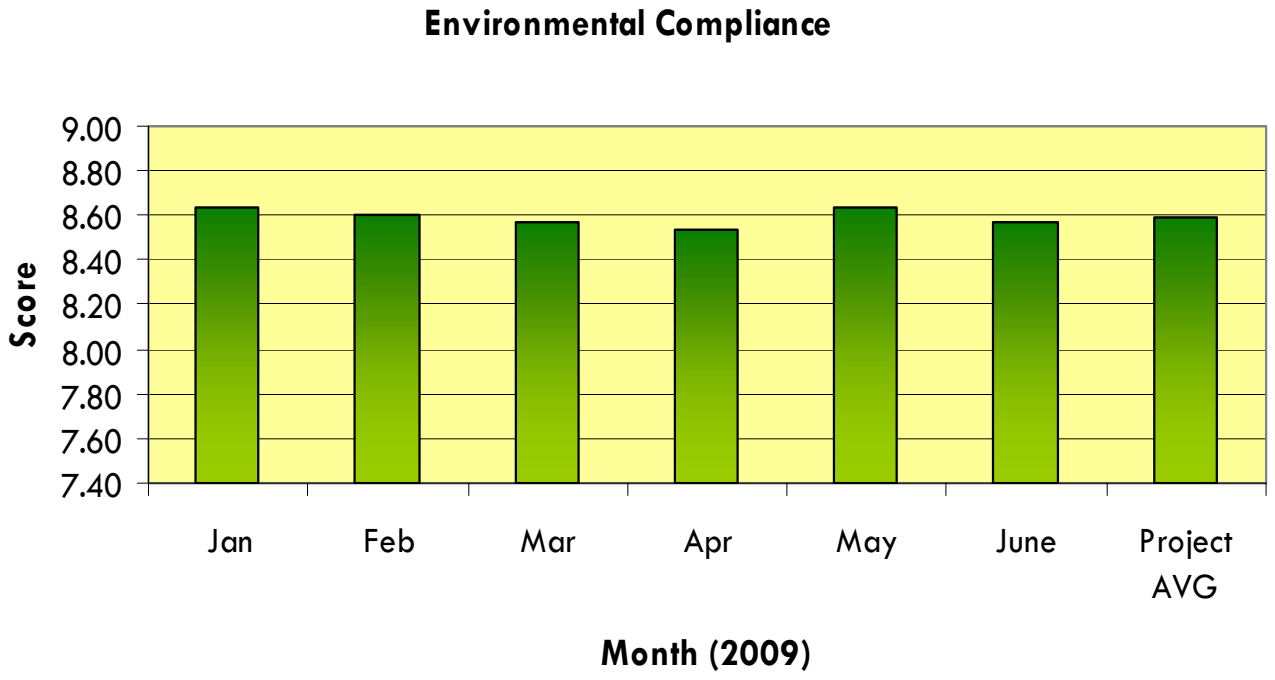
Measure 4.5 – Statewide Average Environmental Inspection Score for Construction & Maintenance Projects

Background: This is defined as the calendar year to date average score for all construction and maintenance projects statewide as inspected and evaluated by the Sedimentation and Erosion Control Program. This represents a statewide inspection composite score for field maintenance, contract (TIP) and bridge maintenance projects. An overall grade is given to each project with the grading scale as follows: 10=excellent, 9=very good, 8=good, 7=fair, 6 or below=unacceptable. Every active project in the state is inspected periodically. The data is derived from the Sedimentation and Erosion Control Inspection Database.

Objective: NCDOT management has established a target score of at least 7.5. A score below 7.0 is grounds for the issuance of an Immediate Corrective Action, which is an internal notice to the engineer that there is the potential for environmental concerns.

Results: The bar chart below displays each month's average score for the first 6 months of 2009. As of July 1, 2009 NCDOT had a combined score of all three projects types of 8.59, well above the minimum target of 7.5.

Additional information, including scores for all construction and maintenance projects statewide and charts for all 100 North Carolina counties can be found at: http://www.ncdot.org/programs/dashboard/.



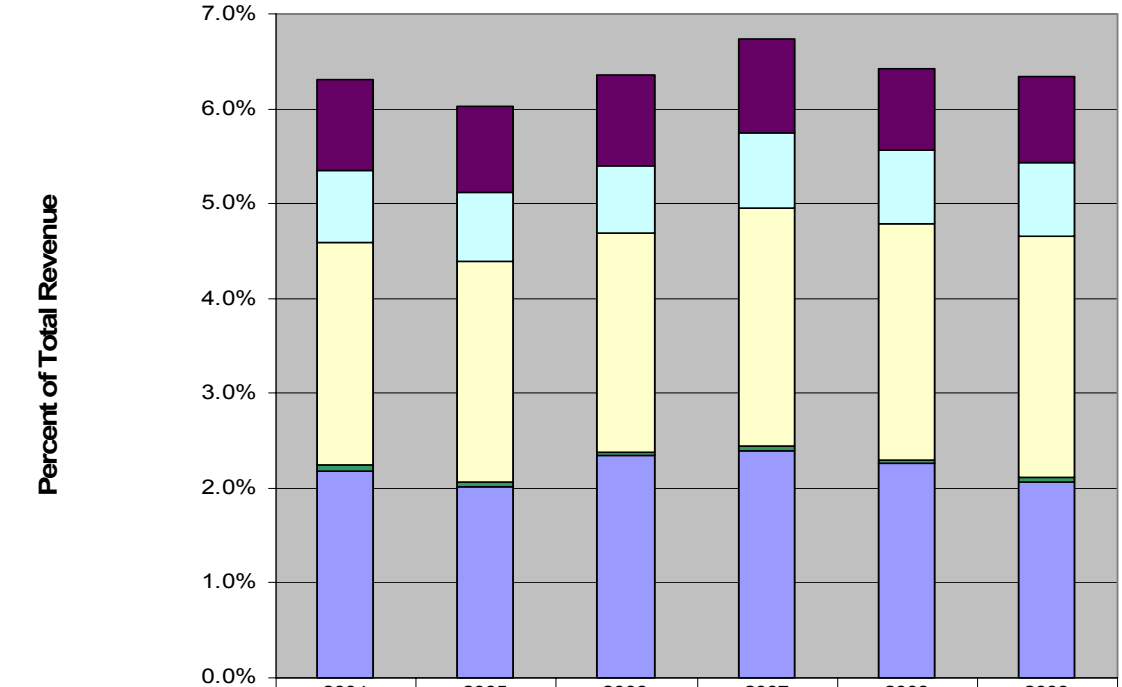
Measure 4.6 – Percentage of Administrative Costs Compared to Overall Budget

Background: Administrative costs support the operation of the agency. Supporting business functions of legal, audit, communications, accounting, strategic management, and human resources are included in the below calculations–much like how private business calculates overhead rates.

Objective: Devote financial resources to infrastructure while keeping administrative cost as low as possible. The Department's objective is to keep administrative costs below budget (7.6 percent) with no more than 3.3 percent dedicated to DMV revenue collection and enforcement and no more than 4.3 percent dedicated to central and operational administration.

Results: NCDOT achieved the objective by continuing to reduce total administrative costs to $241.74 million or 6.3 percent of total revenue collections of $3,812.80 million for state fiscal year 2008-2009. Costs related to DMV revenue collection and enforcement activities were $96.92 million (2.5 percent of revenue) with the balance of $144.82 million (3.8% percent of revenue) attributable to the operational support.

Administrative Costs as a Percent of Total Revenue
By State Fiscal Year
Overall Goal < 7.6%, DMV < 3.3%, Transportation <4.3%



	2004	2005	2006	2007	2008	2009
Trust Fund Program	1.0%	0.9%	1.0%	1.0%	0.9%	0.9%
Transportation Operations	0.8%	0.7%	0.7%	0.8%	0.8%	0.8%
Division of Motor Vehicles	2.3%	2.3%	2.3%	2.5%	2.5%	2.5%
Division of Highways	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Central	2.2%	2.0%	2.3%	2.4%	2.3%	2.1%
Total Revenues ($ in Millions)	**$3,352.4**	**$3,650.0**	**$3,787.5**	**$3,797.0**	**$3,844.7**	**$3,812.80**

Note: Total Revenues exclude GARVEE ($137.5 million) and NC Turnpike Authority ($17.1 million)

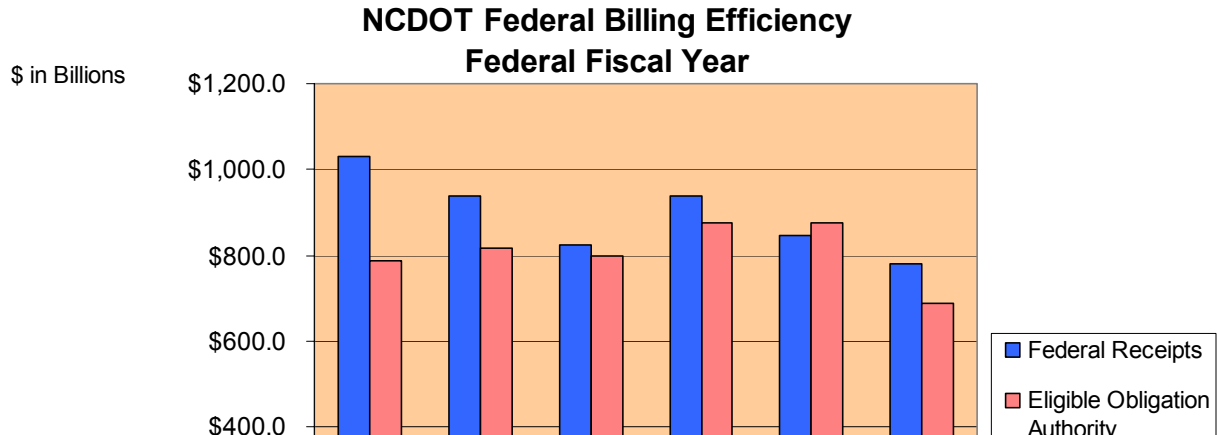
Measure 4.7 – Percentage of Federal Receipts to Eligible Authority to Bill

Background: Congress and the Federal Highway Administration (FHWA) allocate "obligation authority" each federal fiscal year that allows for states to commit federal funding on approved projects. Obligation authority is a form of budget control, which limits the total obligation or funding commitments for a given year. As federal funds are authorized to projects and approved by FHWA, the obligation limitation is consumed.

The federal program is a cost reimbursable program, meaning expenses are first incurred by NCDOT prior to seeking reimbursement from FHWA. The Department utilizes reports and monitors advance construction project expenditures in order to convert and efficiently use obligation authority in order to maximize FHWA reimbursement.

Objective: To achieve a greater than 95 percent billing efficiency in federal receipts as compared to the eligible obligation authority, while utilizing 100 percent of obligation authority by Federal Fiscal Year end. Due to the uncertainty of what Congress will award in obligation authority and other contributing factors, the amount of annual obligation received varies each federal fiscal year.

Results: The percentage of federal receipts compared to eligible obligation authority achieved for federal fiscal years 2004 through 2008 is 97 percent or greater, with the average being 111 percent. The percentage for federal year 2009 is 114 percent, which reflects 9 months of reimbursement activity to approximately 9 months of the 12 months obligation authority granted in Federal Fiscal Year 2009.



	2004	2005	2006	2007	2008	2009
Federal Receipts	$1,031.0	$937.3	$823.5	$937.4	$847.0	$780.8
Eligible Obligation Authority	$786.4	$817.2	$798.7	$875.0	$875.2	$687.5
% Received	130%	115%	103%	107%	97%	114%

Note:

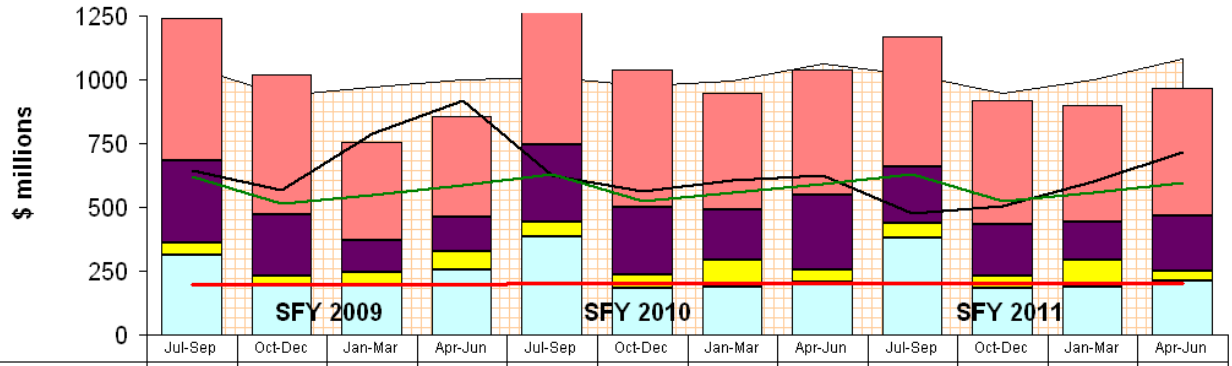
Federal Fiscal Year 2009 reflects only 9 months of FHWA Billing Reimbursement activity and Obligation Authority. Target percentage goal established is for a complete Federal Fiscal Year (October 1 - September 30).

Measure 4.8 – Percentage of Planned Expenses to Actual Receipts

Background: NCDOT operates on a "cash flow" basis. The Department lets contracts against revenue it expects to receive in the future. Advantages of a cash flow method are: 1) acceleration of multi-year project awards; 2) user fees strategically expended for immediate needs 3) cash is not "idle" as multi-year project expenditures are matched to multi-year revenue collections.

Objective: To effectively manage cash within a plus or minus 5 percent of the target.

36 Month Cash Flow



	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun
Revenues	$1,053	$939	$973	$1,002	$1,012	$974	$994	$1,060	$1,017	$945	$1,000	$1,080
Other Expenditures	315	194	190	254	382	181	189	208	381	182	189	209
Other Modes	48	37	55	71	59	54	104	46	54	48	106	41
Maintenance Expenditures	318	240	126	136	305	265	199	295	223	205	146	215
Construction Expenditures	559	551	385	394	559	537	457	492	507	483	460	500
Closing Cash Balance	644	569	787	917	623	560	604	624	475	503	601	717
Cash Balance Target	621	513	549	585	630	522	557	593	630	522	558	594
Cash Balance Floor	198	198	198	198	202	202	202	202	202	202	202	202

Results: As of June 30, 2009, actual revenues collected equaled $3,967.4 billion versus planned collections of $3,896.0 billion which is 1.8 percent or $71.4 million more than forecast. For the same period, actual expenditures equaled $3,871.8 billion versus $4,140.0 billion or 6.5 percent less than forecast. Average forecast variance was -2.8 percent and within an acceptable tolerance for receipts and expenses.

Forecast to Actual History

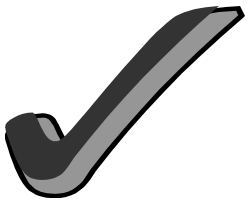
Receipts

SFY	2006	2007	2008	2009
Planned	$ 3,953.0	$ 3,775.8	$ 4,083.0	$ 3,896.0
Actual	$ 3,788.8	$ 3,795.0	$ 3,966.5	$ 3,967.4
Variance $	$(164.2)	$19.2	$ (116.5)	$ 71.4
Variance %	-4.2%	0.5%	-2.9%	1.8%

Expenses

SFY	2006	2007	2008	2009
Planned	$ 4,082.0	$ 3,838.8	$ 4,236.0	$ 4,140.0
Actual	$ 3,791.0	$ 3,608.3	$ 3,954.5	$ 3,871.8
Variance $	$ (291.0)	$ (230.5)	$ (281.5)	$ (268.2)
Variance %	-7.1%	-6.0%	-6.6%	-6.5%

Measure 4.9 – Percentage of Offsite DMV Services Compared to Onsite Services



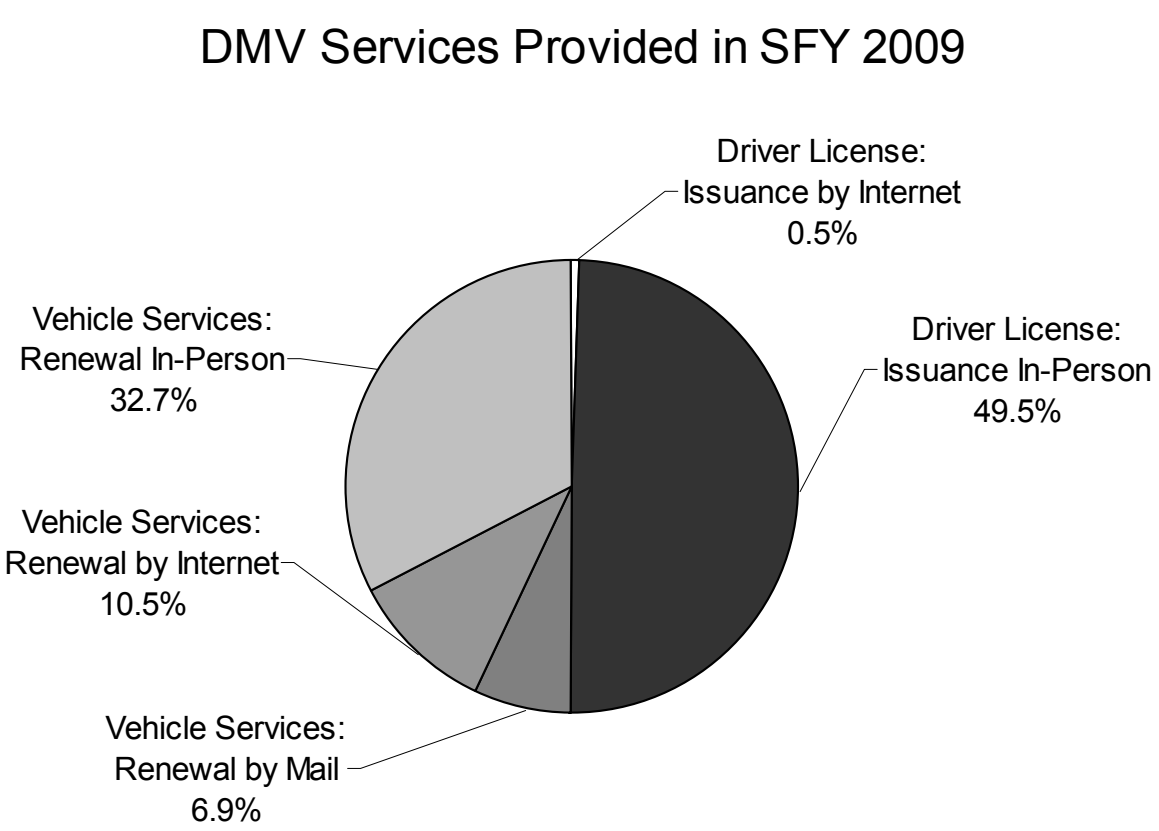
Background: The Department's goal is to improve customer service and efficiency by allowing citizens to receive services away from a DMV office when feasible and applicable. DMV encourages the use of the internet, mail and the call center when appropriate.

Objective: No target was established for this performance measure.

Results: Although, no target was established, the Department did track the percentage of service types provided (in person, mail and internet) during state fiscal year 2008-2009. Overall, 82 percent of DMV services were provided in person, and 18 percent were provided via the Internet or by mail. The table and chart outlines the comparisons.

Service Type	Vehicle Services	Driver Licenses	Totals
In Person	32.7%	49.5%	82%
By Internet	10.5%	0.5%	11%
By Mail	6.9%	N/A	7%
Total	**50%**	**50%**	**100%**

Some percentages are rounded

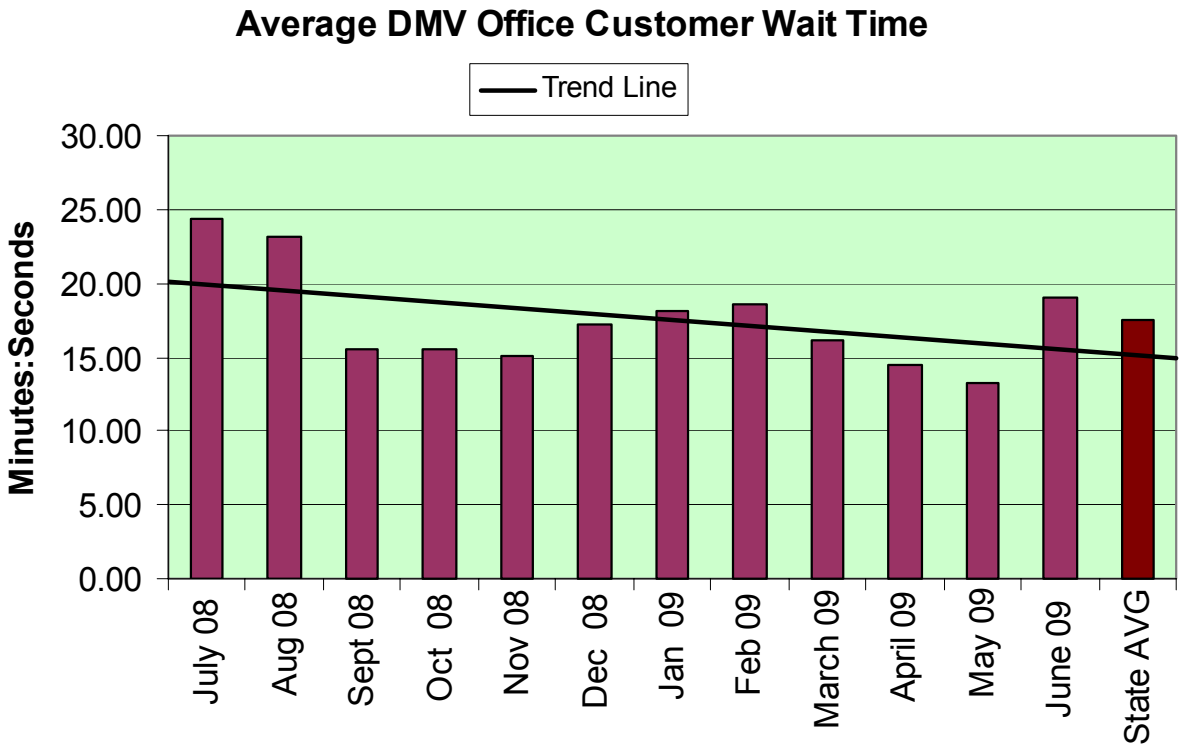


Measure 4.10 – Average Time a Customer has to wait before receiving Services at a DMV Office

Background: Beginning in July 2008, the Division of Motor Vehicles implemented and tested customer traffic management systems in offices with four or more examiners allowing the Department to monitor customer wait time. The new technology called The Nemo-Queue Customer Traffic Management System was implemented in 60 of the Department's 113 Driver License offices statewide.

Objective: The objective is to reduce the average DMV customer wait time at all driver license offices to less than 15 minutes.

Results: Although 62 percent of all customers were served under the target wait time of 15 minutes, the statewide average wait time was 17.5 minutes.



Make our organization a great place to work

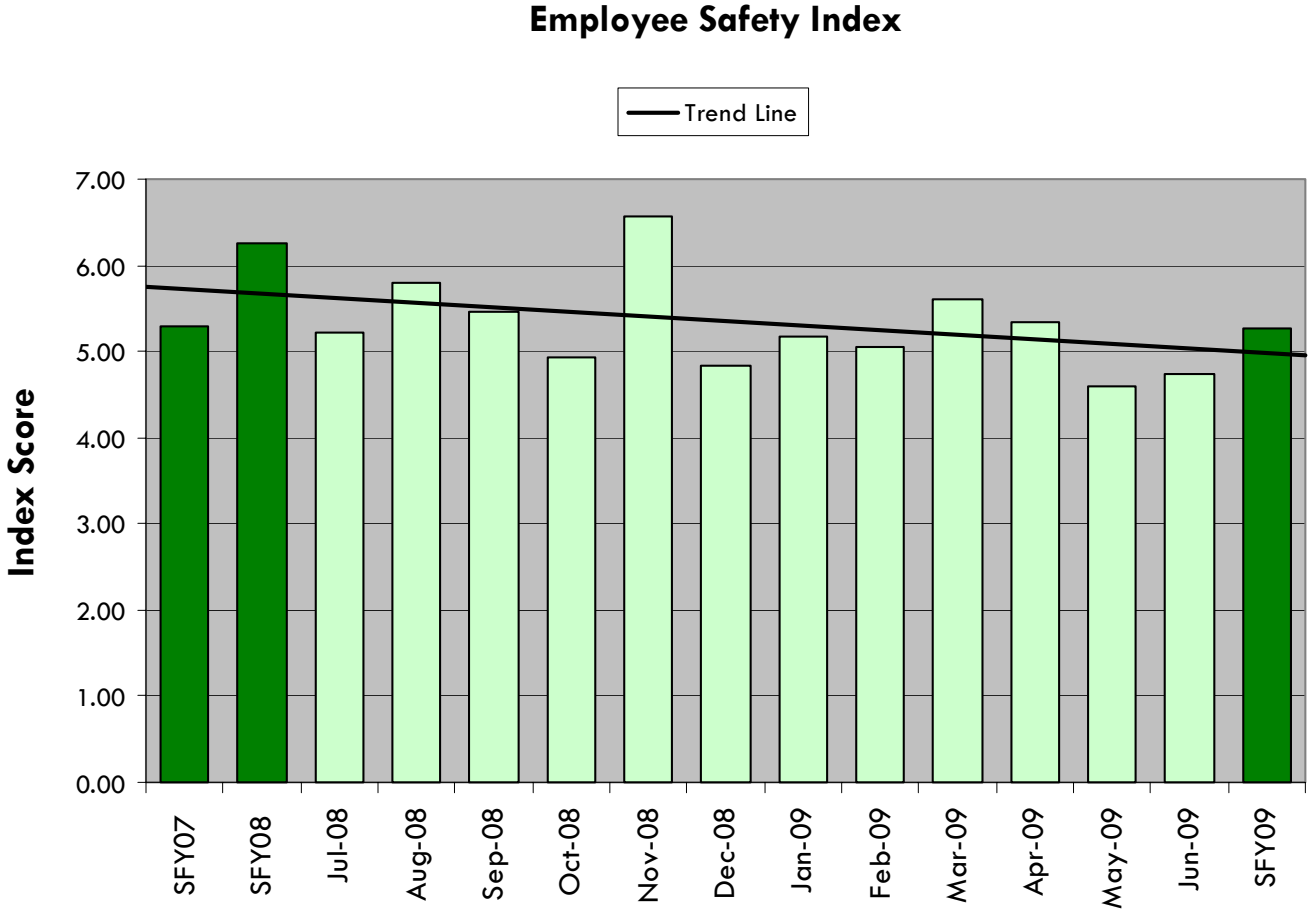
NCDOT has established four organizational performance measures for the goal of making our organization a great place to work.

Measure 5.1 – Employee Safety Index

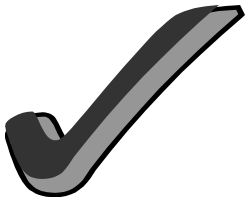
Background: Employee safety is the one of Department's top priorities. To better manage this priority, an employee safety index (ESI) is managed by the Safety and Risk Management Unit. The ESI is a weighted score for employee injury rates (40 percent), equipment accident rates (40 percent) and workers compensation claim rates (20 percent). Rates are generated each month by business unit and roll up into an overall score. These scores are monitored monthly by management.

Objective: The target range for the statewide ESI is less than 9.79. A performance of less than 5.89 exceeds expectations.

Results: The state fiscal year 2008-09 results for the employee safety index were 5.27, well below the performance target. The monthly results of the employee safety index have also moved downward during the state fiscal year and from last year's result. The chart depicts the monthly and statewide ESI scores.



Measure 5.2 – Average Total Time to Hire Staff

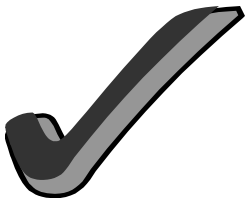


Background: The average total time to hire a new employee is defined as the Department average of the number of days to hire a person from initial position posting date to final approval by Human Resources. The Department is currently developing and implementing a system to track this measure and will report on its findings when available.

Objective: To be determined. This measure will be reevaluated for effectiveness.

Results: The Department did not track the results of this performance measure. This measure was deemed a transactional process measure and not an enterprise-wide executive measure.

Measure 5.3 – Percentage of Employees that feel the Department is a Great Place to Work



Background: In conjunction with the Department's continuing transformation initiative, and as part of its commitment to hear what employees have to say about their work environment and the Department of Transportation, an Employee Engagement Survey was initiated in July 2009. The survey is an opportunity for every employee to have a voice in the direction that our organization is moving and to be a vital contributor to the improvements the Department is undertaking.

The information provided through the survey will be used to better understand the strengths and weaknesses of the management and communication processes, how each employee views their roles and responsibilities, and the perceptions of NCDOT as a place to work. The survey will be conducted and the results reported periodically to gauge the engagement of employees

Working through the Office of State Personnel, the Department is partnering with the Corporate Leadership Council whose employee engagement questionnaire has been administered to a wide range of private and public organizations. More than 500,000 individuals have participated in the survey, giving the Department a unique opportunity to gauge itself against many of the leading businesses and agencies operating today.

Employee engagement involves more than some "touchy-feely" interest. Employee engagement impacts business outcomes and over performance results. Engagement can increase employee performance by 20 percent and reduce attrition by as much as 87 percent (source: Corporate Leadership Council). Since productivity and retention impact the cost of doing business in a dollars and cents way, every organization should concern itself with employee engagement in the workplace.

Objective: Once implemented, the Department has set an initial goal that at least 60 percent of NCDOT employees shall be engaged in their work (of those employees that returned the questionnaire).

Results: Data will be available following survey analysis.

What is employee engagement?

The Corporate Leadership Council defines employee engagement as "the extent to which employees commit to something or someone in their organization, how hard employees work, and how long they stay as a result of that commitment."

Measure 5.4 – Percentage of NCDOT Leadership Positions under the New Results Based Performance Management System

Background: Effective April 1, 2008 a new results-based performance management system was implemented for the "top 150" leadership positions at the Department. These positions began the 2008-09 performance cycle using the new Performance Dashboard & Appraisal (PDA), a tool used to document performance expectations and the results achieved.

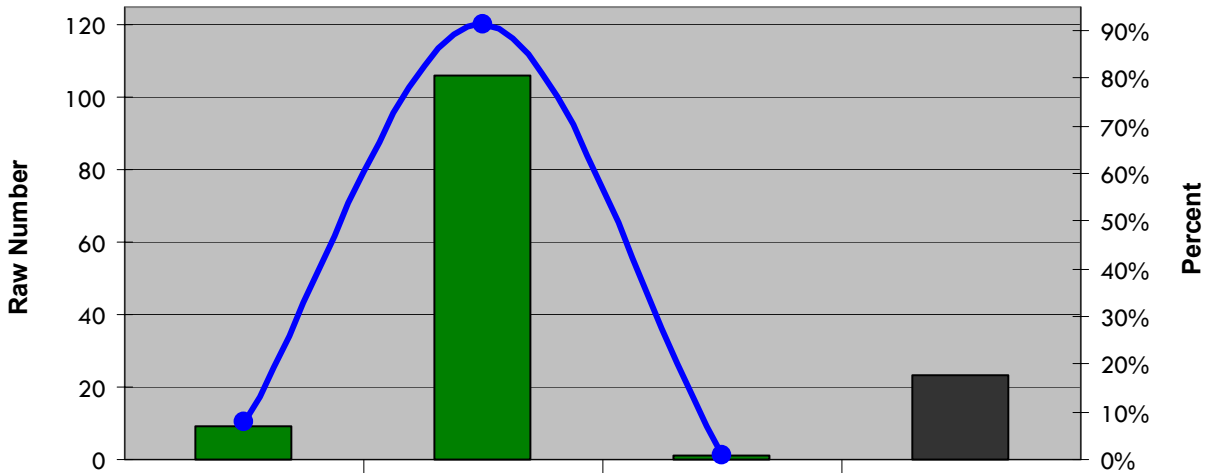
The PDA system was established to create a new performance management tool for setting clear expectations and holding employees accountable for achieving specific performance results associated with their core duties, their business units' functions, and the organizational goals. Founded on setting specific performance measures and measurable targets for each employee at the beginning of each cycle, the rating scale for an employee's overall performance results are based on three tiers – (1) the employee did not meet expectations, (2) the employee did meet expectations, or (3) the employee exceeded expectations.

Beginning on April 1, 2009, the PDA system was implemented for all NCDOT employees and will conclude on March 31, 2010.

Objective: On April 1, 2008 all leadership positions (100 percent) began the new results based performance management system by developing metrics and completing their PDAs. The target is that 100 percent of leadership positions should be meeting or exceeding their previously established performance expectation on their PDA.

Results: On April 1, 2009, the Department's first PDA cycle for the "top 150" leadership positions were completed. Of the 139 key leadership positions included in the "top 150," 23 were vacant at the end of the performance cycle due to retirement, resignation, reassignment or position vacancy. Therefore, 116 positions had active PDAs in place, and 99 percent either met or exceeded performance expectations.

Performance Results of Top Leadership Positions



	Exceeded Expectations	Met Expectations	Did Not Meet Expectations	N/A*
Raw Number	9	106	1	23
Percent	8%	91%	1%	

* N/A – positions that were empty due to retirement, resignation, reassignment or vacancy

Transportation Trends: Demand, Costs & Resources

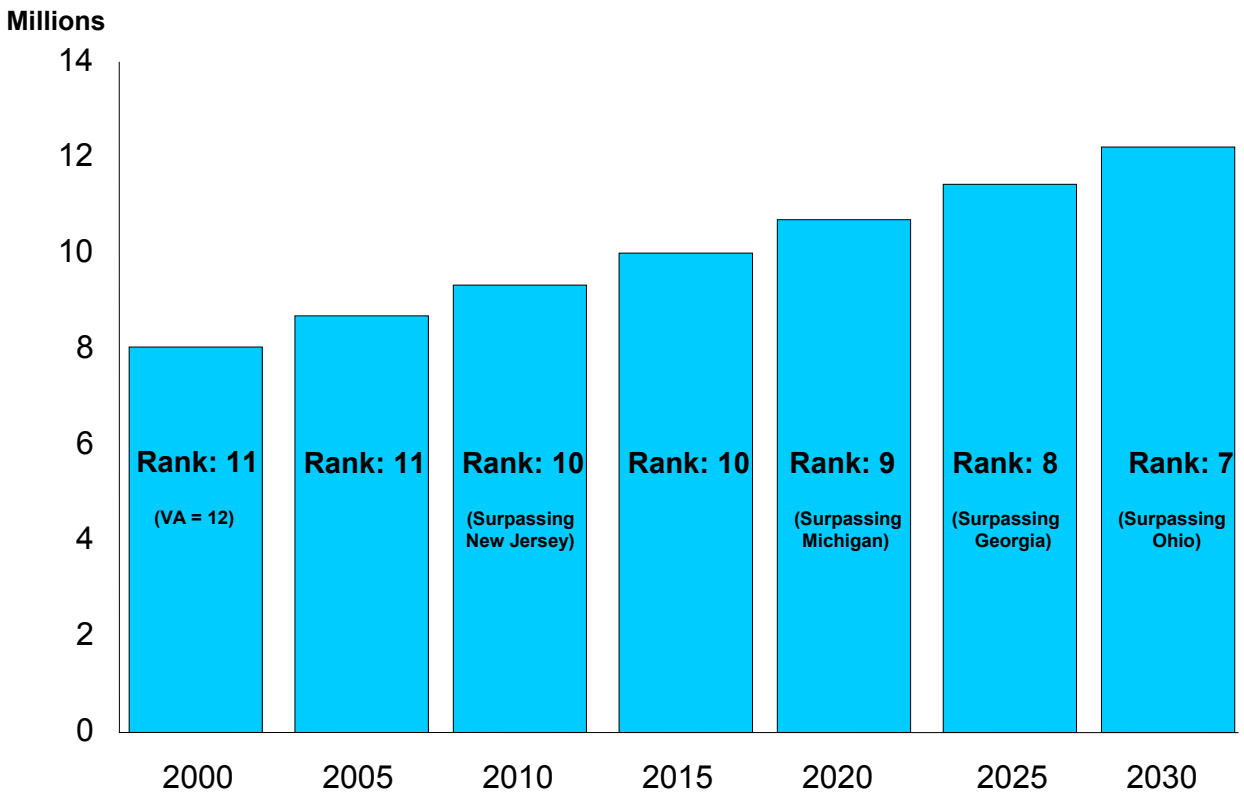
Until recently North Carolina has experienced economic prosperity. With this prosperity came increased population which, in turn, increased demands for transportation for both people and freight. Now, NCDOT transportation revenues are not keeping pace with the increases in demand for transportation.

During the first six month of fiscal year 2008-2009 highway construction prices were slightly higher than anticipated, and during the last six months of the fiscal year prices were 20 to 30 percent lower than anticipated. Unfortunately at the same time the economic downturn has also led to decreases in the revenues that fund transportation (fuel tax, highway use tax, etc.). The results continue to be mean more congestion with fewer new miles of roadway to address capacity needs, and limited dollars allocated to maintain our vast transportation infrastructure.

The Demand for Transportation

Population

The US Census reported the State's population at 6.63 million inhabitants in 1990. This number had grown to 8.05 million by 2000. The 38 percent growth in population between 1990 and 2008 is expected to continue for the foreseeable future. The US Census estimates North Carolina's population growing to approximately 12.22 Million by 2030, which would place the state as the 7th most populated state in the country. The population growth between 2000 and 2030 is equivalent of the entire population from neighboring South Carolina in 2000 moving into North Carolina in 2030.

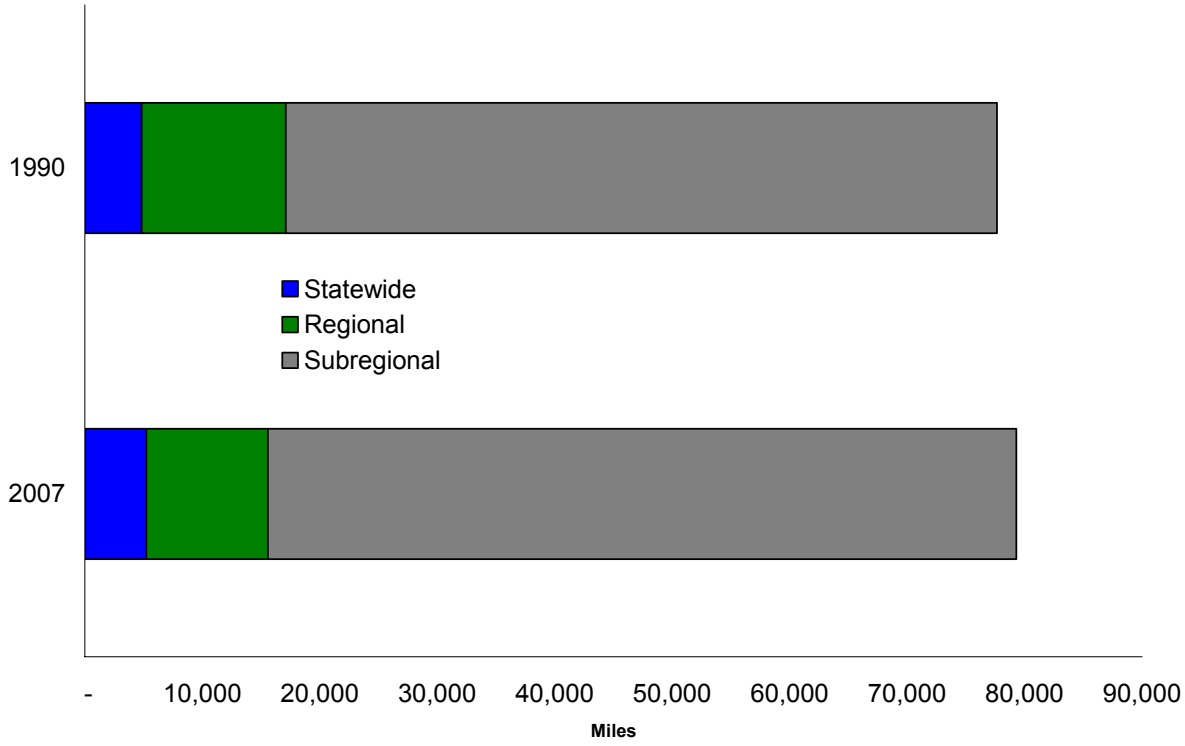


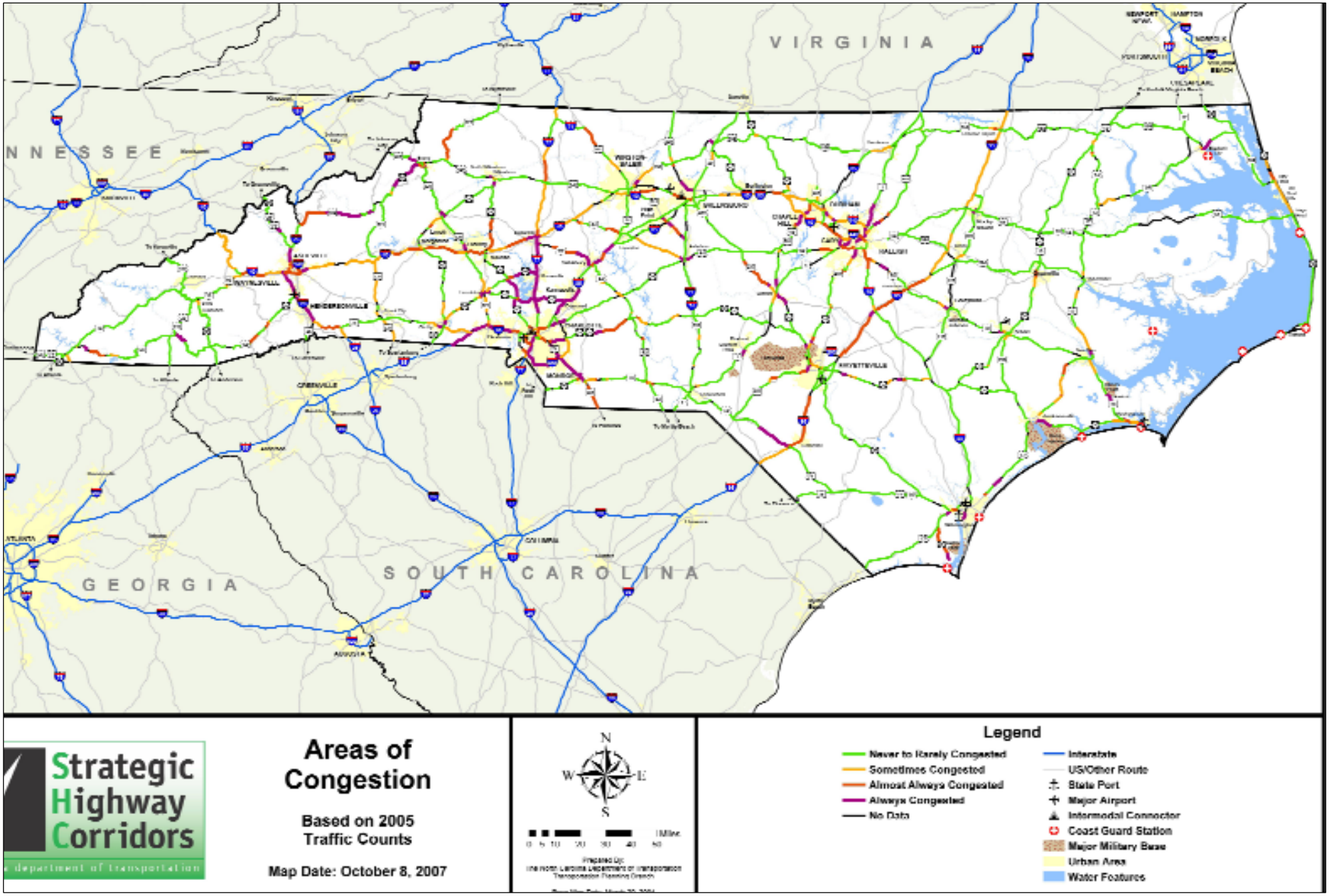
Strategic Highway Corridors

Strategic Highway Corridors are a network of high-speed, safe, reliable highways throughout North Carolina. The 5,400 miles of designated Strategic Highway Corridors, which include existing and proposed interstates, account for only 7 percent of the State's Highway System, but carry 45 percent of the traffic. The Strategic Highway Corridors are also known as the statewide tier. The remainder of the state's nearly 80,000 mile highway system is divided into the regional and subregional tiers.

Highway Mileage

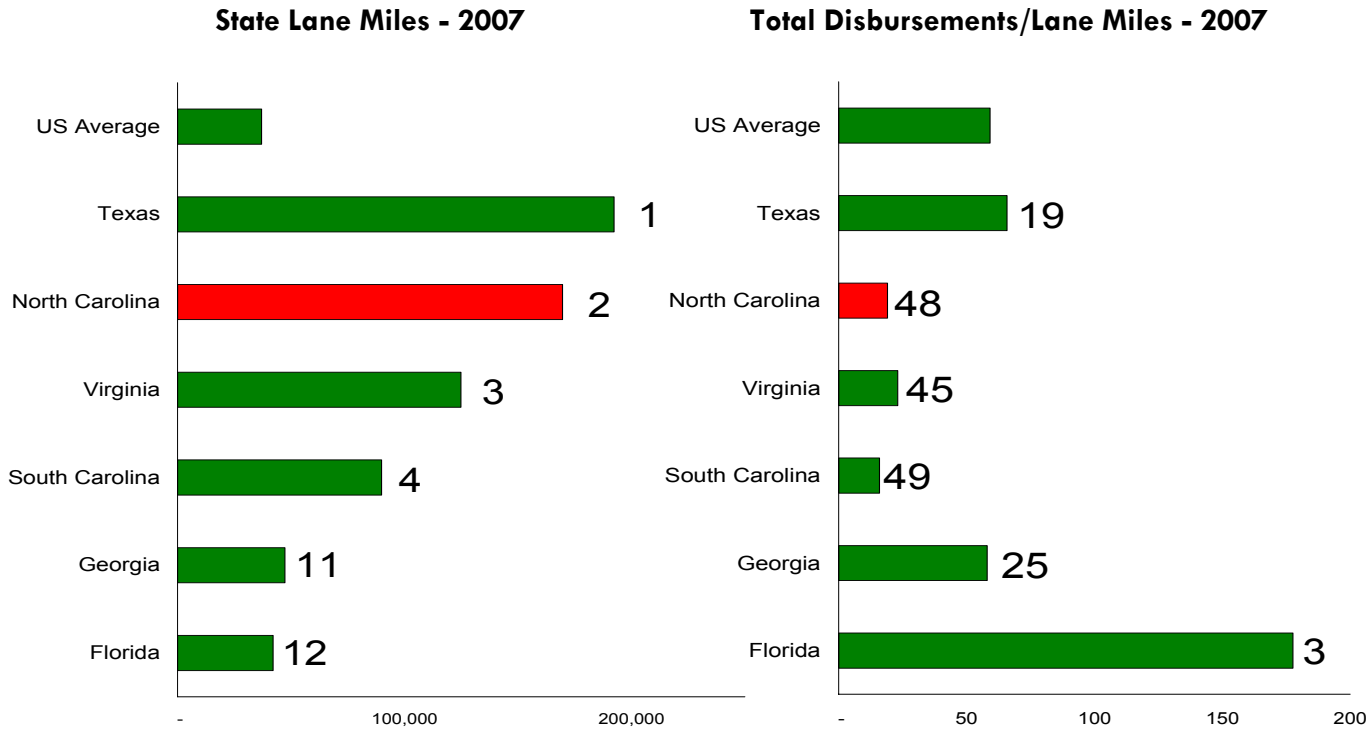
North Carolina's state transportation roadway network has grown very little over the last two decades. Approximately 1,640 miles of roadway mileage has been added between 1990 and 2007. However, the total number of lane-miles has grown by approximately 21,900 during the same time period. The small increases in mileage and lane mileage relative to VMT and population has exacerbated congestion and bottleneck problems especially on the statewide tier network of roadways.




VIRGINIA
NNESSEE
GEORGIA
SOUTH CAROLINA
Strategic Highway Corridors
department of transportation
Areas of Congestion
Based on 2005 Traffic Counts
Map Date: October 8, 2007
N
W
E
S
Legend
Never to Rarely Congested
Sometimes Congested
Almost Always Congested
Always Congested
No Data
Interstate
US/Other Route
State Port
Major Airport
Intermodal Connector
Coast Guard Station
Major Military Base
Urban Area
Water Features

Lane Mile Comparison

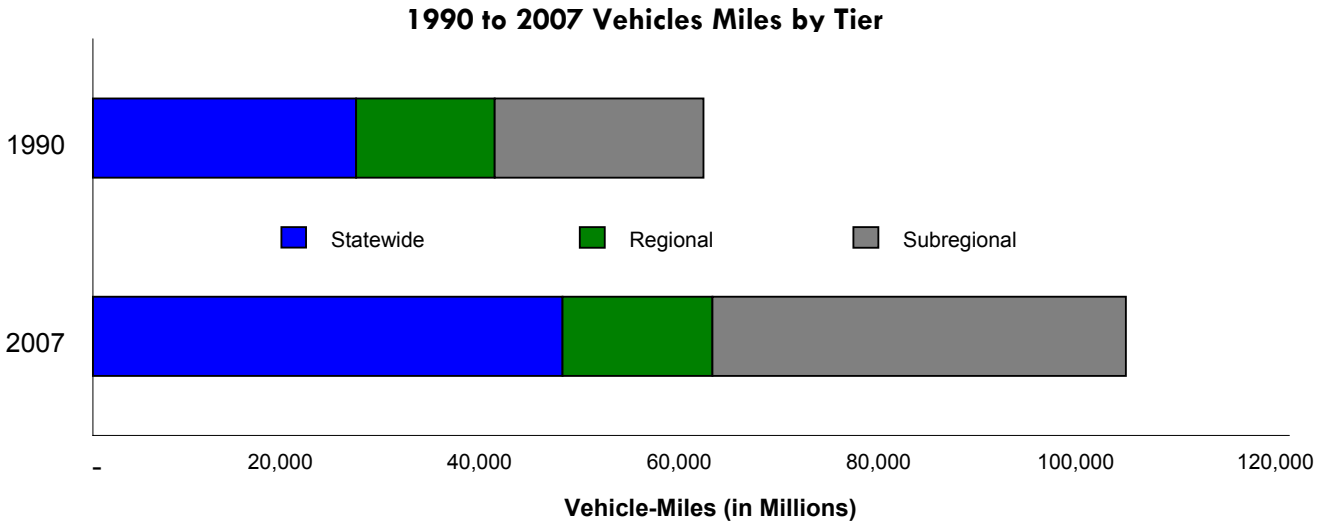
North Carolina is second only to Texas in lane mile ownership, however, North Carolina is ranked 40th in state revenue collected to maintain its road system and 48th in the utilization of revenue from all sources.



Vehicle Miles Traveled (VMT)

A vehicle mile traveled or "VMT" measures roadway usage as defined by a vehicle traveling one mile. The measure can be used as a congestion and condition indicator.

From 1990 through 2007 VMT in North Carolina grew from 61,236 million vehicle-miles traveled to 103,598 million vehicle miles traveled respectively. The following table depicts the growth by tier.



Note: The Transportation Tier System was not officially adopted until 2004. By using the 1990 and 2007 roadway functional classifications, however, a fairly good approximation can be made.

VMT in North Carolina was 101,463 million vehicle miles traveled in state fiscal year 2009.

Since December 2007 VMT across the United States has declined steadily (see http://www.fhwa.dot.gov/ohim/tvtw/tvtpage.cfm). This is a result of the slumping US economy and subsequent job losses that affect travel demand and daily commuter traffic across the country. However data from the first half of 2009 indicates the drop in national traffic congestion may have "bottomed out." A comparison of figures from the first half of 2009 versus the first half of 2008 indicates:

- National congestion is up 0.5 percent overall.
- Sixty-four of the largest 100 metropolitan regions saw increases in congestion – most increases were minima.
- Nationwide congestion patterns and bottlenecks are largely unchanged.

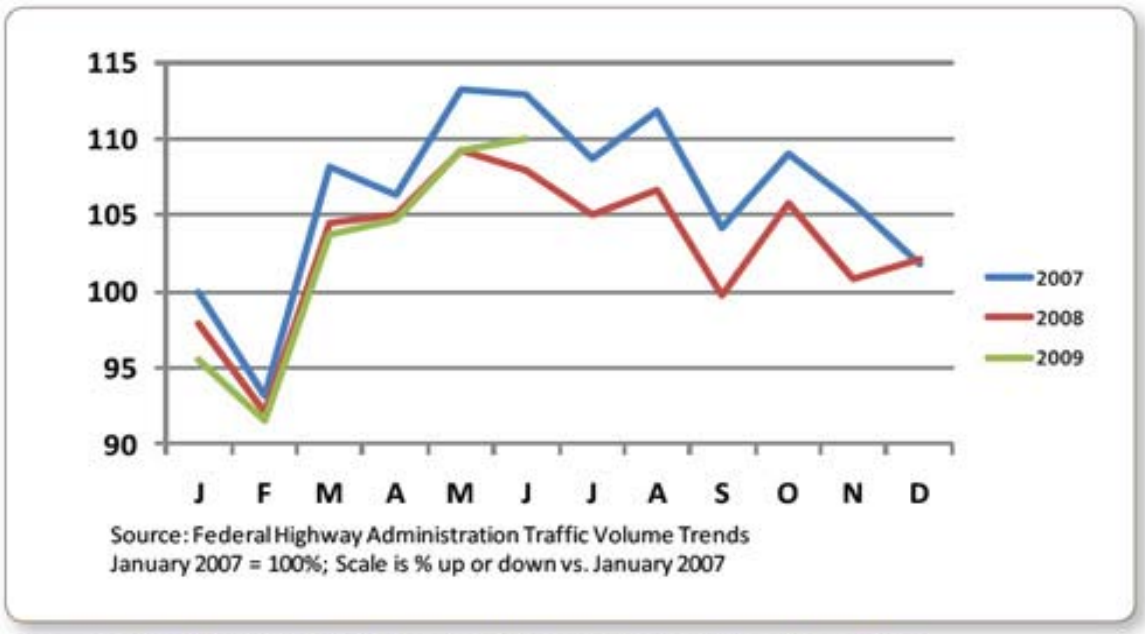


Figure 6 - Monthly Vehicle Miles Traveled, Urban Interstates (through June 2009)

Note: This graph was published by INRIX (September 2009) as part of a national traffic scorecard. Inrix is an international traffic monitoring company that collects data from over one million GPS-enabled vehicles and mobile devices and uses warehoused historical traffic data to provide up to the minute analysis and reporting of traffic conditions.

The rate of VMT growth nationally for the rest of 2009 and into 2010 will be tied to improvements in various sectors of the economy (housing, manufacturing, retail consumption, etc.). Therefore any near term projection of VMT growth for North Carolina cannot be made.

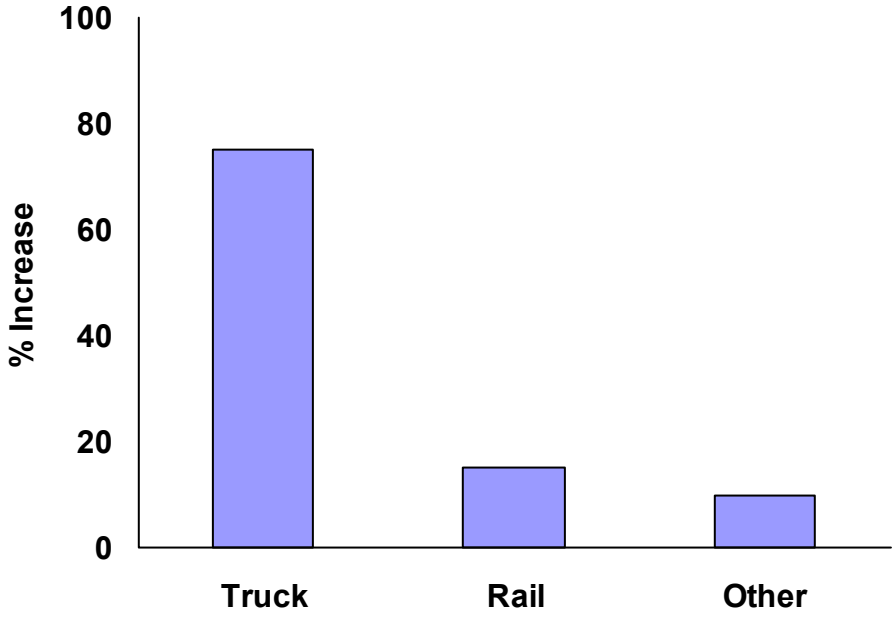
The US Census forecasts strong long term population growth in the southeast, compared to other regions of the country, which will translate into a rebound in positive long term VMT growth in NC.

Vehicle miles traveled in North Carolina are expected to double by 2030.

Freight

Globalization, competitive industry trends, and new technologies are pushing freight volumes to grow faster than the state's overall population and traffic growth. Our state's manufacturers and farmers rely on the freight system to ship North Carolina-made products to local customers, to the U.S. and worldwide markets. The value and volume of goods moving in these freight systems is huge and growing.

Specific highway improvements have been made to enhance access to manufacturing and warehouse facilities. Many physical road/rail grade separations and at-grade crossing improvements have also been made over the years improving the flow of people and goods. Access improvement to airports and the ports have been made as well.



Increasing freight movement raises concerns about the strain and wear on the state's transportation system. According to the 2008 Statewide Logistics Plan, the total freight volumes will increase from 580 millions tons in 2002 to 990 million tons by 2035 – a 71 percent increase. The adjoining chart depicts which transportation mode will experience the greatest growth. Other growth shown includes air, sea, and pipelines.

With the highway mode dominating current and future freight movement more resources are being expended to track the movement of long haul truck trips. Efforts both at the federal and private sector level are helping to determine the most heavily used corridors and metro locations for freight activity. This in turn will help state and local government officials better understand the impacts of site development and perhaps strategically locate transportation terminals to improve system wide goods movement.

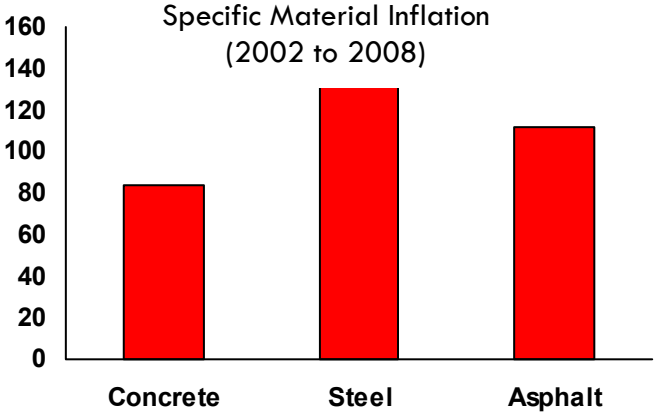
Three cities in North Carolina are in the top 100 freight markets in the US: the Charlotte-Metrolina region (#35), the Triangle (#49), and the Triad (#72). Freight demand on the State's transportation system will also be compounded by the development of a new International Port Terminal in Southport, North Carolina. Expected to be operational by 2017, this new terminal will be the largest of its kind in the state's history and one of the largest on the east coast. By 2030 4,400 trucks and over 10 trains per day are projected to enter and exit this facility.

The map below shows the density of freight traffic (relative to the rest of the country) measured on NC's major interstates from January-June 2009.

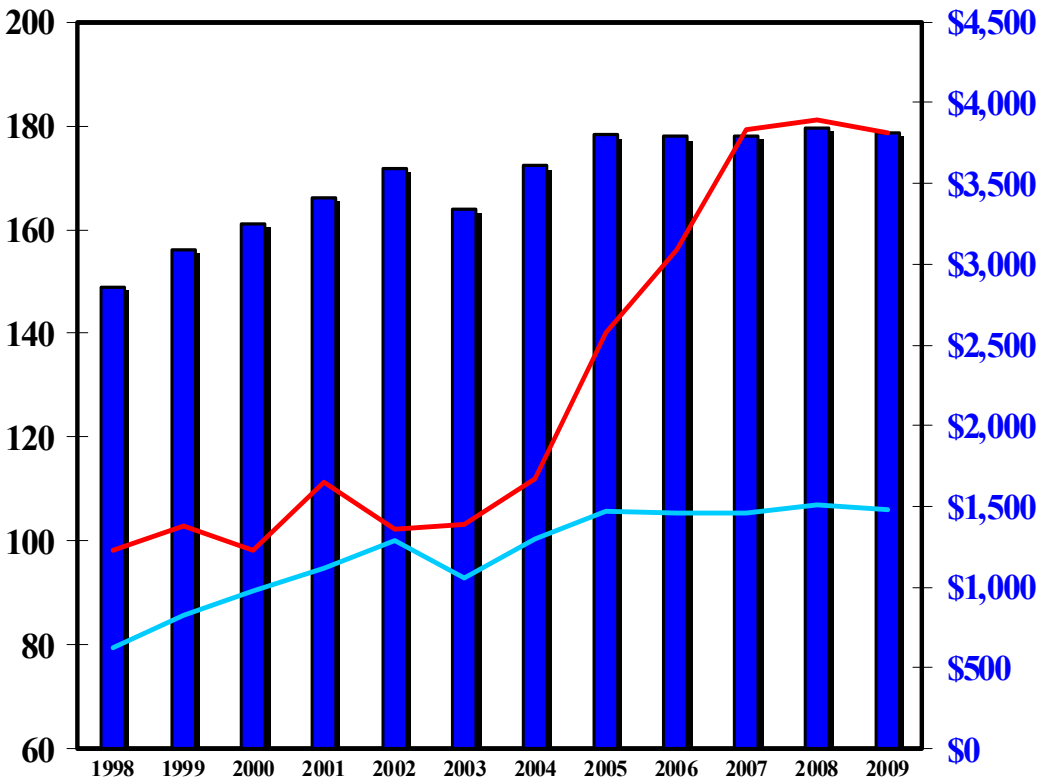
Note: This map was published by INRIX (September 2009) as part of a national traffic scorecard. Inrix is an international traffic monitoring company that collects data from over one million GPS-enabled vehicles and mobile devices and uses warehoused historical traffic data to provide up to the minute analysis and reporting of traffic conditions.

Cost Factors in Transportation

For the past several years the North Carolina Construction Index, which reflects the prices of construction materials that go into projects plus items consumed by contractors, has risen faster than the consumer price index (CPI). Between 2002 and December 2008, the buying power of NCDOT's construction dollars declined by 44 percent.



Much of the decline in NCDOT's purchasing power is due to world demand of construction materials such as steel and cement. In addition the volatility in world oil prices has driven the cost of asphalt to record levels shown in this chart (left). This rapid growth has occurred at a time when construction costs have skyrocketed due to national and international demand. The costs of steel, concrete and asphalt have increased significantly since 2002. The state's transportation revenues have remained flat or declined while the cost of construction has raised sharply – in effect cutting NCDOT's purchasing power approximately in half.



	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total Revenue $ Millions	$2,860	$3,087	$3,253	$3,413	$3,596	$3,344	$3,609	$3,798	$3,789	$3,797	$3,845	$3,813
Rolling Cost Index	98.2	102.8	98.2	111.2	102.4	103.1	112.0	140.3	156.1	179.2	181.3	178.7
Total Revenue Index*	79.5	85.8	90.5	94.9	100.0	93.0	100.3	105.6	105.4	105.6	106.9	106.0

* = Revenue Index scaled to 100 in 2002

Financial Resources for Transportation

State Revenue

State transportation revenues have three main sources as shown in the chart below:

The state motor fuel tax (MFT) was first collected in 1921 at a fixed rate of 1¢ per gallon. A variable rate structure was implemented in 1986 as a way to hedge construction inflation. Currently, the formula is based on a fixed 17.5¢ per gallon plus a variable component determined by 7 percent of the average fuel wholesale price. The tax rate is subject to change in January and July of each year based on computations made by the Department of Revenue. The General Assembly capped the gas tax at 29.9¢ per gallon through June 30, 2009. For fiscal years 2010 and 2011 the General Assembly approved a minimum gas tax rate of 29.9¢ per gallon. Many of the Division of Motor Vehicle (DMV) fees had not been raised in about 20 years until 2005. The Highway Use Tax (HUT) was approved as a new revenue source as part of the 1989 NC Highway Trust Fund. The table below details the historical changes in these three revenue sources over time.

	MFT	DMV	HUT
1990	$ 804.6	$ 309.4	$ 164.7
2009	$ 1,501.8	$ 700.2	$ 428.0
Growth	87%	126%	160%
Growth Adjusted for Inflation (CPI)	13%	37%	57%

Note: the Highway Use Tax effective collection date was October 1, 1989.

Gas tax revenues decrease as people reduce fuel consumption to save money. In fiscal year 2009, revenues from the gas tax dropped 5.4 percent or roughly $85 million. People are also buying fewer and less expensive vehicles, which has led to a reduction in the amount of money collected from the Highway Use Tax. In fiscal year 2008-2009, revenues from the Highway Use Tax dropped 31.1 percent or about $193 million. Overall, in fiscal year 2008-2009 revenues decreased by 10.3 percent or about $300 million less than fiscal year 2007-2008.

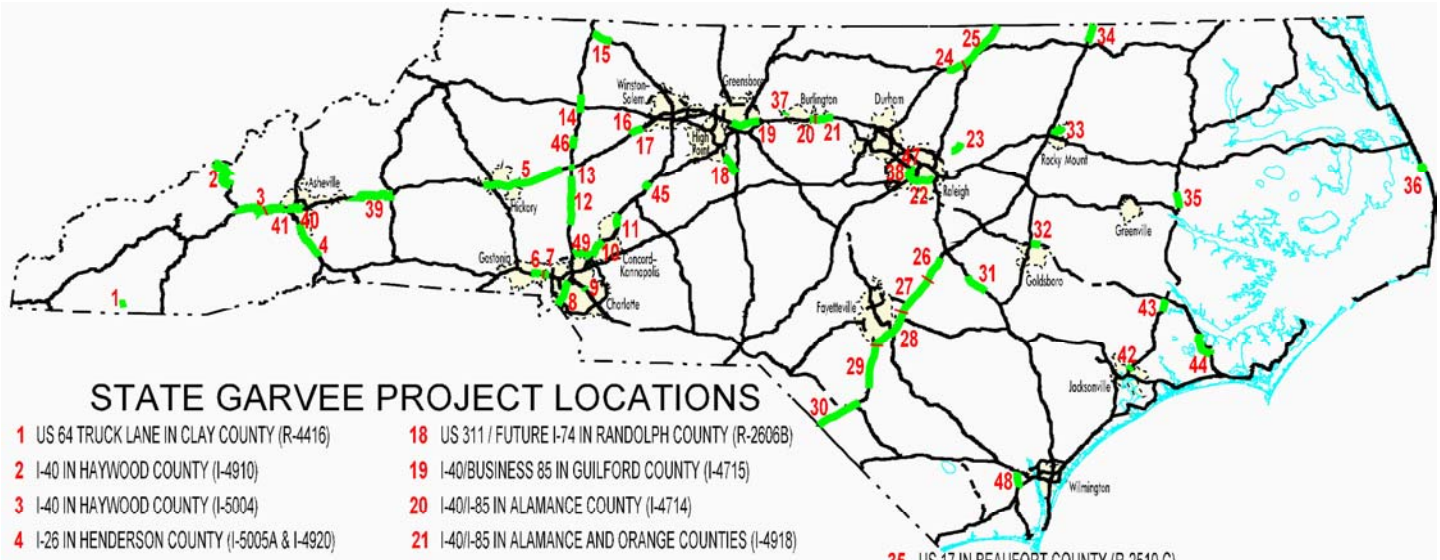
Federal Revenue

Approximately 25 percent of NCDOT's annual revenue is from the 18.4¢ per gallon federal gasoline tax and 24.4¢ per gallon federal diesel motor fuel tax and other fees. The US Congress authorizes and sets these rates, which are set to expire September 30, 2011. The federal motor fuel tax was first collected in 1932. Congress approves a multi-year surface transportation bill that determines future yearly authorization amounts subject to an annual obligation limitation and rescissions. The last reauthorization bill, Safe, Accountable, Flexible, Efficient Transportation Equity Act; Legacy for Users (SAFETEA-LU), was signed into law in August 2005 and expired on September 30, 2009.

A combination of record expenditures (outlays) and decrease in revenues (receipts) resulted in Federal Highway Trust Fund almost running out of cash in August 2008. In fact the balance in the trust was so low that FHWA limited reimbursement to states during September 2008. The US Congress stepped in and approved an emergency $8 billion transfer to keep the Highway Trust Fund solvent. Just before the 2009 August recess the US Congress approved another bailout in the amount of $7 billion to be deposited into the Highway Trust Fund from the federal government's General Fund to ensure state transportation departments will continue receiving full reimbursements for federal-aid highway projects through September 2009, the end of the current 2009 federal fiscal year. These emergency bailouts and the anticipation that more will be needed along with the uncertainty of when the next reauthorization bill will be approved and at what funding levels make it difficult to advance federal programs and projects due to the financial uncertainties.

GARVEE Program Plan

GARVEE bonds allow NCDOT to borrow against future federal funding. Using that money, important highway improvement projects can move forward sooner rather than waiting years for the funding to become available through traditional means. This helps reduce construction-related inflation and saves time, and saves tax payers millions in inflationary cost. NCDOT's second issuance of GARVEE bonds in August 2009 were for $242.5 million at an interest rate of 3.36 percent. North Carolina Department of Transportation received a rating upgrade from S&P to AA for the 2009 issuance. There are 49 GARVEE Projects totaling nearly $1,300 million which is 9.9 percent of the total State Transportation Improvement Program Budget.



STATE GARVEE PROJECT LOCATIONS

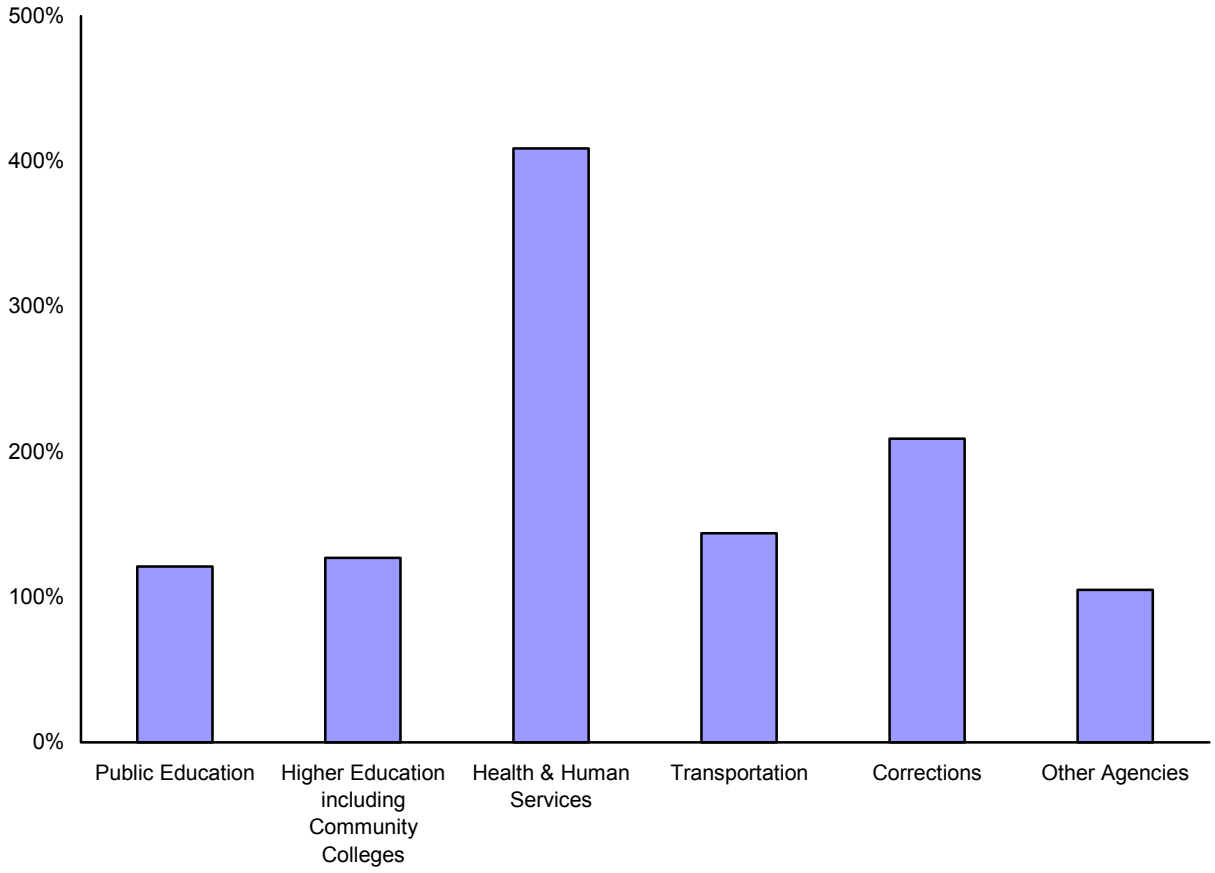
1 US 64 TRUCK LANE IN CLAY COUNTY (R-4416)
2 I-40 IN HAYWOOD COUNTY (I-4910)
3 I-40 IN HAYWOOD COUNTY (I-5004)
4 I-26 IN HENDERSON COUNTY (I-5005A & I-4920)
5 I-40 IN CATAWBA AND IREDELL COUNTIES (I-5003)
6 I-85 IN GASTON COUNTY (I-5007)
7 I-85 IN MECKLENBURG COUNTY (I-5006)
8 I-77 IN MECKLENBURG COUNTY (I-4720)
9 US 74 (INDEPENDENCE BLVD) WIDENING (U-209B)
10 I-85 WIDENING IN CABARRUS COUNTY (I-3803B)
11 I-85 IN ROWAN COUNTY (I-4718)
12 I-77 IN IREDELL COUNTY (I-4723)
13 I-40/I-77 INTERCHANGE IN STATESVILLE (I-3819A)
14 I-77 IN YADKIN COUNTY (I-2808A)
15 I-74 IN SURRY COUNTY (I-5002)
16 I-40 IN DAVIE COUNTY (I-3600)
17 I-40/NC 801 INTERCHANGE IN DAVIE COUNTY (B-3637)
18 US 311 / FUTURE I-74 IN RANDOLPH COUNTY (R-2606B)
19 I-40/BUSINESS 85 IN GUILFORD COUNTY (I-4715)
20 I-40/I-85 IN ALAMANCE COUNTY (I-4714)
21 I-40/I-85 IN ALAMANCE AND ORANGE COUNTIES (I-4918)
22 I-40 IN WAKE COUNTY (I-4709)
23 US 401 ROLESVILLE BYPASS IN FRANKLIN COUNTY (R-2814B)
24 I-85 IN VANCE COUNTY (I-2810)
25 I-85 IN VANCE AND WARREN COUNTIES (I-4904)
26 I-95 IN HARNETT COUNTY (I-4906)
27 I-95 IN CUMBERLAND COUNTY (I-4915)
28 I-95 IN CUMBERLAND COUNTY (I-4917)
29 I-95 IN ROBESON COUNTY (I-4711)
30 I-95 IN ROBESON COUNTY (I-4914)
31 I-40 IN SAMPSON COUNTY (I-5001 B)
32 US 70 GOLDSBORO BYPASS IN WAYNE COUNTY (R-2554 BA)
33 ROCKY MOUNT NORTHERN CONNECTOR IN NASH COUNTY (R-2823)
34 I-95 IN NORTHAMPTON COUNTY (I-4913)
35 US 17 IN BEAUFORT COUNTY (R-2510 C)
36 NC 12 OREGON INLET BRIDGE REPAIRS AND REPLACEMENT (B-5014A & B-2500)
37 NEW ROUTE IN ALAMANCE COUNTY (U-3110B)
38 I-40 IN WAKE COUNTY (I-4744)
39 I-40 IN MCDOWELL COUNTY (I-4908BB)
40 I-40 IN BUNCOMBE COUNTY (I-5108)
41 I-40 IN BUNCOMBE COUNTY (I-5109)
42 US 17 IN ONSLOW COUNTY (U-4007B)
43 US 17 NEW BERN BYPASS IN CRAVEN COUNTY (R-2301A)
44 US 70 HAVELOCK BYPASS IN CRAVEN COUNTY (R-1015)
45 I-85 IN ROWAN AND DAVIDSON COUNTIES (I-2304)
46 I-77 IN IREDELL COUNTY (I-5106)
47 I-40 & SR1728 IN WAKE COUNTY (I-5112)
48 US 17 WILMINGTON BYPASS (R-2633A)
49 I-485 CHARLOTTE OUTER LOOP (R2248E)

NCDOT Budget Relative to General Fund

Transportation revenues relative to the total state revenues have decreased by 20 percent since 1990. Currently, the transportation budget is the fourth largest state agency budget behind Public Education, Higher Education and Community Colleges (combined) and Health and Human Services.

The chart below shows the growth in transportation revenue compared to other state agencies.

Transportation Revenue Growth Since 1990
Relative to Other State Agencies



Conclusion

Demand on North Carolina's transportation network continues to grow. Our growing population and increased freight traffic are increasing the vehicle miles traveled in our state. At the same time the cost of providing a sound transportation network is rising due to increases in the costs of key materials such as asphalt, cement and steel. To further compound the situation, the amount and purchasing power of our dollars have declined due to a number of factors. The challenges are great in balancing demands with our reduced resources as we strive to connect people and places in North Carolina.

American Recovery and Reinvestment Act of 2009

Status as of July 1, 2009

With the passage of the American Recovery and Reinvestment Act of 2009 (ARRA) on February 17, 2009, the Department was provided more than $838.8 million in transportation funds that could be utilized on shovel ready projects across the State.

Of the $838.8 million in ARRA funding, the Department was provided $735,528,834 in transportation and infrastructure funds that could be utilized on shovel ready projects across the State. ARRA also required that approximately forty percent of the funding ($242,723,806) be reserved for transportation enhancement and locally administered projects within Metropolitan Planning areas statewide.

The remaining $103,304,202 in Transit Capitol Grants was available for both urban ($70,248,738) and non-urbanized ($33,055,504) areas of North Carolina.

Additional opportunities were also available from various discretionary grants including more than $1.56 billion available in Supplemental Discretionary Grants for Capital Investments in Surface Transportation Infrastructure ($1.5 billion) and Ferry Boat Discretionary Grants ($60 million) nationwide.

Performance & Accomplishments

Transportation and Infrastructure

In late fall of 2008, prior to ARRA being signed into law, the Department worked to identify and prioritize projects in anticipation of the Act being signed into law in order to be ready to immediately advertise projects funded with ARRA funds. This effort was successful as the first eleven ARRA funded projects were advertised on February 17, 2009, the day the Act was signed into Law, pending authorization for funding from the Federal Highway Administration (FHWA). On March 3, 2009, ARRA funds were available for the Department to begin federal authorizations for projects and on March 25, 2009 the Department awarded its first ARRA funded project. The Department has continued to advertise, let and award between eight and 19 ARRA funded projects each month since March 2009. The Department also met the ARRA requirement of obligating at least 50 percent of the ARRA funding prior to the 120 day redistribution deadline of June 29, 2009.

As of June 30, 2009, only 19 weeks after ARRA's enactment, the following performance indicators of success were accomplished by NCDOT:

- $443.5 million in ARRA funding has been authorized for projects (60.3 percent).
- $6.5 million has been expended on ARRA funded projects.
- 65 projects have been advertised representing an estimated $334.6 million in ARRA funds.
- 55 projects have been awarded representing an estimated $309.0 million in ARRA funds.
- 33 projects have begun construction representing an estimated $199.8 million in ARRA funds.
- 27 of the 65 projects already advertised are anticipated to be complete by December 1, 2009 representing $69.7 million in ARRA funds.

Based on guidance from the Office of Management and Budget (OMB) in Washington, DC, the calculation of employed individuals, known as Full Time Equivalents (FTEs) will be utilized to measure the effectiveness of ARRA and produce the number of new and retained jobs nationwide. According to the Department's current calculations, FTEs have been increasing substantially each month and expect peaks around 1,000 during high production summer construction season months.

Employment information collected and reviewed as of June 30, 2009, produced the following results:

Period	No. Workers	Hours	Payroll	Monthly FTEs
March 2009:	0	0	$0	0
April 2009:	74	994	$22,751	6
May 2009:	625	19,355	$382,856	112
June 2009:	1,018	46,357	$846,018	268

Discretionary Grants

The Department has prepared and submitted an application for the I-85 Corridor Improvement Project for $300 million in Supplemental Discretionary Grants for Capital Investments in Surface Transportation Infrastructure. If awarded, this project will complete a comprehensive overhaul of a critical stretch of I-85 in North Carolina's Triad Region, including replacement of the narrow and outdated Yadkin River Bridge, which is one of the Southeast's most heavily traveled highways connecting communities and business centers along the East Coast. For additional information on what makes this project a critical link for the future, go to: http://www.ncdot.org/recovery/i85corridor. The award announcement will occur after the nation-wide application deadline of September 15, 2009.

The Department has also submitted an application for a Ferry Boat Discretionary Grant for $36 million but does not expect announcement of recipients until later this year.

Transit

On March 5, 2009, the Federal Transit Administration (FTA), published guidance that required all applications for Transit Capital Grants to be entered into the TEAM Grant System by July 1, 2009. NCDOT worked with local transit agencies to meet that deadline. The Department has also provided the appropriate Section 1511 Certification for both Urban and Non-Urban Transit Capital Grants and is currently awaiting award of the grant funds. It is anticipated that Transit Capital Grants will be available for the Department to begin federal authorizations in mid-July.

Certifications

With the passage of ARRA, it was evident that the normal way of doing business was not adequate to meet both the requirements included in the law and the delivery of ARRA funded projects. The Department immediately began process and program control changes to accomplish the compliance with ARRA and to deliver the projects on an accelerated timeline.

The submission of certifications within ARRA includes the following by the Department:

- **1201 Certification**: Section 1201 Maintenance of Effort (MOE) Certifications were submitted on In March per ARRA requirements.
- **Revised 1201 Certification**: A Section 1201 MOE revised certification was submitted in May per direction from USDOT Secretary LaHood.
- **1511 Certification**: 1511 Certifications have been submitted for identification of highway and infrastructure projects as needed to include those projects vetted appropriately. Certifications have occurred every month. 1511 certifications have been submitted for identification of urban and non-urban transit projects as needed to include those projects vetted appropriately. Certifications have occurred in June for Urban and July (tentative) for Non-Urban Transit projects.

Compliance

Transportation and Infrastructure

Compliance reporting was immediately identified by the Department and FHWA for the $735 million in Transportation and Infrastructure ARRA funding and the following compliance reporting to the FHWA RADS Database was established effective in March:

- **FHWA-1586**: Initial project information is prepared and submitted within two weeks of a 1511 Certification being issued.
- **FHWA-1585**: Monthly Project Status Reports are prepared and submitted by the 10th of the following month for the preceding reporting month.
- **FHWA-1587**: The Monthly Employment Summary Report is prepared and submitted by the 20th of the following moth for the preceding reporting month.
- **FHWA-1589**: Monthly Employment Reports are prepared by prime contractors and submitted to the Department by the 7th of each month for the preceding reporting month.
- **1201 MOE Quarterly Expenditure Reports**: Cumulative Maintenance of Effort expenditure reports are submitted by the 10th of the following month for the preceding Federal Fiscal Year reporting quarter.

The following additional reporting for ARRA projects is also being provided at the request of other entities:

- **Congressional Reporting**: Transportation and Infrastructure Committee reporting is provided as requested by Congressman Oberstar.
- **Weekly Authorization and Expenditure Reporting**: Weekly Authorization and Expenditure Reports per each ARRA project is provided to the NC Office of Economic Investment and Recovery.

To ensure reporting consistency and reduce the likelihood of double or no reporting, the Division Construction Engineer (DCE) has been identified in each transportation division to act as a point person to collect information regarding transportation related projects since they are familiar with what takes place in their division. Once collected, each division submits information to the Transportation Program Management Unit, Technical Services Division, for compilation and reporting to the RADS database. This tiered approach creates an environment that allows information review and checks to ensure all data is being collected and is as accurate as possible.

The following efforts are being pursued to ensure ARRA contract administration and reporting compliance:

- **ARRA Reporting Review for Locally Administered Projects**: The NCDOT Local Programs Management Office is providing a brief ARRA overview and reporting review at Pre-Scope and/or Scoping meetings for locally administered projects. This review emphasizes the importance of on time and accurate reporting prior to starting project activities funded by ARRA.
- **2009 Records Review**: Yearly audits performed by bridge and roadway construction engineers (Feb- April) in the Construction Unit will focus exclusively on ARRA projects during the upcoming audit cycle.
- **Process Review Audits**: Yearly HiCAMS audits performed by the Construction Unit will focus exclusively on ARRA projects during the upcoming audit cycle.
- **Monthly Audits by the Bridge and Roadway Construction Engineers**: In addition to field reviews of construction details, the monthly audits also include Disadvantages Business Enterprise compliance and project progress reviews.

Transit

The Federal Transit Administration (FTA) began issuing guidance on reporting and compliance with the ARRA Law in May 2009. To date, the latest guidance suggests that ARRA reporting through www.federalreporting.gov will be required in addition to normal Grant reporting in the TEAM system.

Based on the current interpretation for Transit Capital Grants, the Department has direct reporting responsibility for transit grants for areas under a 200,000 population. Areas over a 200,000 population receive the funds directly. The Public Transportation Division has drafted guidance to grant recipients regarding reporting requirements, including those that receive funds directly. While the responsibility of reporting lies with those agencies that receive grant funding directly, the Department still oversee this process to ensure the data is accurate and timely.

Based on current guidance, the Department expects to start receiving Transit Capitol grants later this year and plans to meet the $50 million obligation by the deadline.

ARRA Reporting Training

ARRA includes an unprecedented degree of transparency, reporting and auditing for every recipient and sub-recipient of funds. The Department recognized this fact and in March 2009, developed a training plan to ensure all sub-recipients understood the ARRA reporting requirements and the consequences if they were not met. Efforts to educate sub-recipients include the following:

- **ARRA Reporting Training Meetings/Webinars for Contractors**: Each month a training session is held for contractors to describe ARRA reporting requirements. The meeting is also broadcast via Webinar for NCDOT personnel statewide. A package of ARRA information and reporting forms are provided. Meetings occur monthly.
- **ARRA Reporting Training Webinar for Local Government Personnel**: A series of monthly Webinars has been developed for local agencies to describe ARRA reporting requirements for locally administered projects. A package of ARRA information and reporting forms are provided. Webinars began in July.
- **ARRA Reporting At Preconstruction Meetings**: Each division construction engineer provides the reporting information at the Preconstruction conference for each project. This allows the prime contractor to bring their subcontractors to the meeting so they can hear and understand the importance of this required reporting.
- **ARRA Reporting – One-on-One Discussions**: All levels of personnel within the Department are trained and capable of discussing the reporting requirements with various sub-recipients one-on-one. From project personnel to division staff up to and including the division engineers, all are actively managing the reporting requirements of ARRA funded projects to ensure transparency, accuracy and timeliness.

Conclusion

As of June 30, 2009, the Department has met the requirements of ARRA, including obligation and distribution of funds, redistribution of funds, maintenance of effort and compliance reporting and oversight. The Department is continuing to review and update processes and procedures to ensure continued transparency, accuracy and timeliness as we move forward into state fiscal year 2009-2010.

Transportation Reform
at the
North Carolina
Department of Transportation

For the Fiscal Year 2009
Organizational
Performance Report

Transportation Reform (Executive Orders # 2 and # 3)

Transportation Reform was initiated through several Executive Orders.

State of North Carolina

BEVERLY EAVES PERDUE
GOVERNOR

EXECUTIVE ORDER NO 2

REFORMING DEPARTMENT OF TRANSPORTATION

WHEREAS, the State, through the Office of the Governor, has an obligation to assure that highway construction plans are developed and that projects are awarded based on professional standards designed to meet the needs of citizens and communities across the State fairly, efficiently and effectively; and

WHEREAS, the present process for developing plans and approving projects needs to be reformed in order to assure that plans are developed and projects are awarded based on professional standards and not other considerations.

NOW, THEREFORE, pursuant to the authority vested in me as Governor by the Constitution and the laws of the State of North Carolina, **IT IS ORDERED**:

Section 1. Board of Transportation Reform

State of North Car

BEVERLY EAVES PERDUE
GOVERNOR

EXECUTIVE ORDER NO. 3

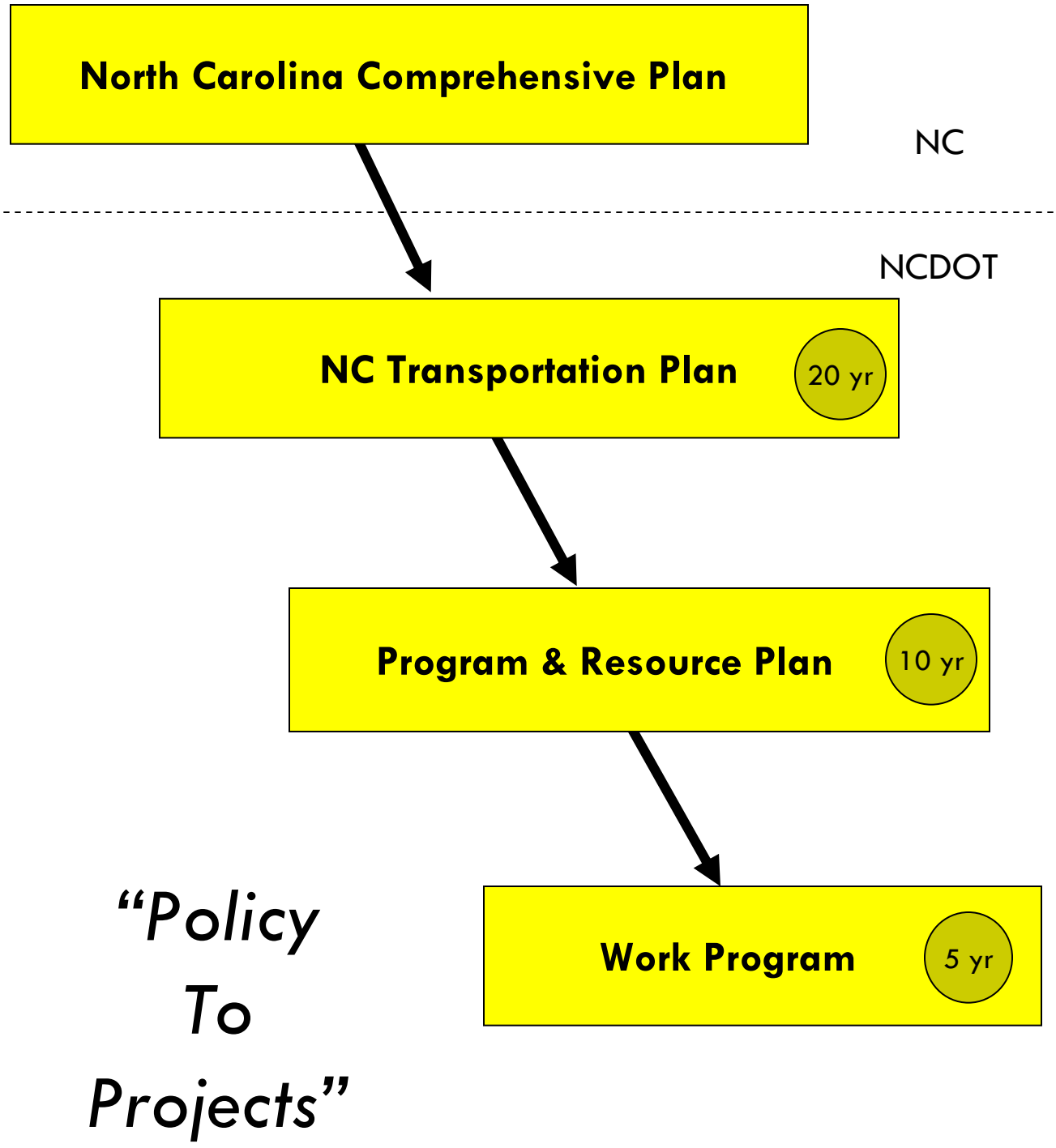
ON-SITE AND STATE-STAT
PERFORMANCE MANAGEMENT AND ACCOUNTABILIT

WHEREAS, the citizens of North Carolina deserve excellent results from gover
and services; and

WHEREAS, the State should maximize efficiency and effectiveness when spending taxpayer dollars; and

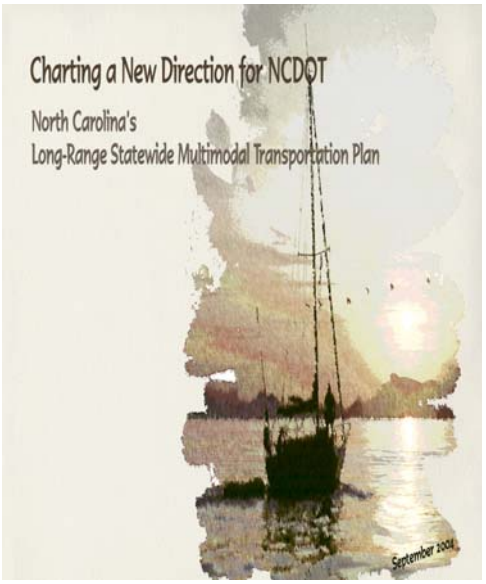
WHEREAS, improving program and management performance requires commonly understood goals, clear measurement of the goals, and transparent reporting of progress; and

Transportation Reform Framework

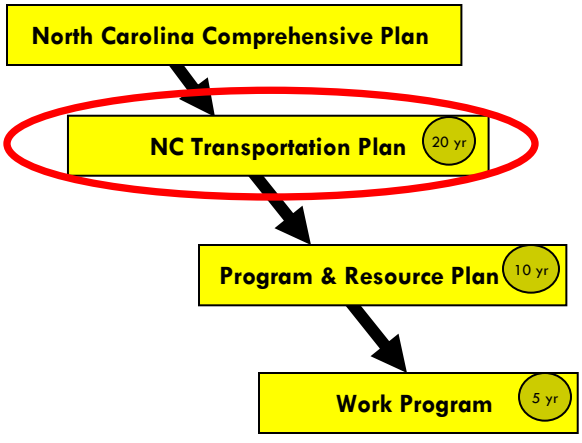


NC Transportation Plan (20 Year)

What is it?



- Contents
  - mission & goals, objectives and strategies
  - guides decision-making including investment decisions
  - update of NC Long Range Transportation Plan
- Development Process
  - transportation professionals: DOT and others
  - significant public input
- Published: every four years
- Timeframe: twenty years



Program & Resource Plan (10 year)

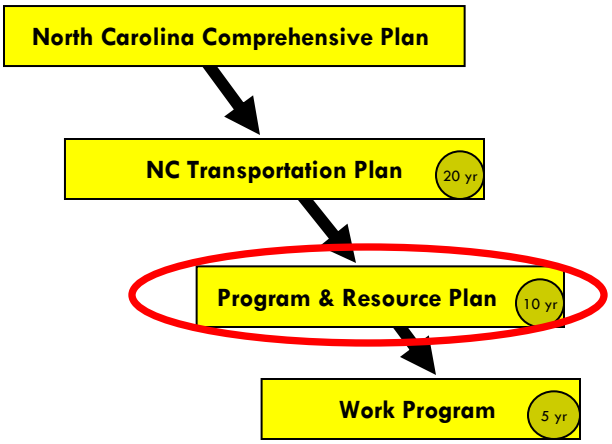
What is it?

- Contents
  - Allocations of funds between programs
  - Programs grouped by categories
    - ◊ Product: Safety, Mobility and Infrastructure Health
    - ◊ Product Support: Preliminary Engineering, DMV Services, etc.
    - ◊ Maintenance and Operations
    - ◊ Administration
  - 2 Elements: Strategic Planning & Financial

- Development Process
  - staff develops with significant stakeholder input
  - Board of Transportation reviews and approves

- Published: every two years

- Timeframe: ten years



Program & Resource Plan (10 years)

Two Elements

A. Strategic Planning

- Unconstrained Needs List
  - Internal from Divisions and Business Unit's
  - External from Metropolitan and Rural Planning Organizations
- Data Driven Prioritization:
  - Crash Data
  - Volume / Capacity Data
  - Infrastructure Health Data
- Performance Targets

B. Financial

- Cash Forecast
  - Ten year view based on cash modeling efforts by CFO
  - Forecasts expenditures, revenues, cash balances
- Budget
  - Constrained funding and fund distribution – based on legislation and policies
  - Aligned with biennial budget cycle

Work Program (5 year)

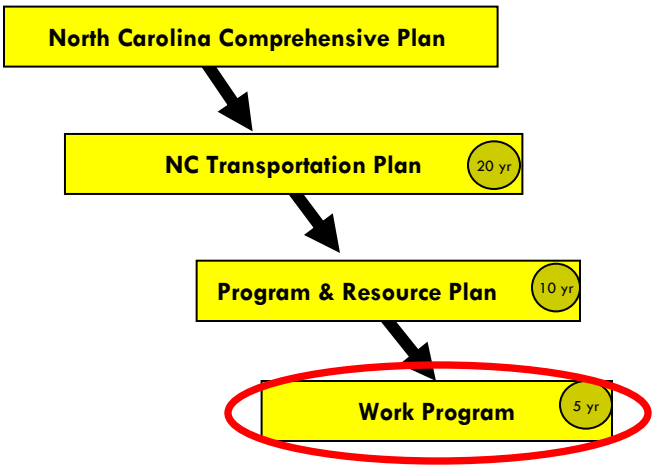
What is it?

- Contents
  - comprehensive Department work plan including State Transportation Improvement Program
    - ◊ **projects**: highway, public transportation, maintenance, etc.
    - ◊ other departmental **programs and services**
  - Will be reliable, stable and fiscally constrained
  - Will be easily communicated and understood

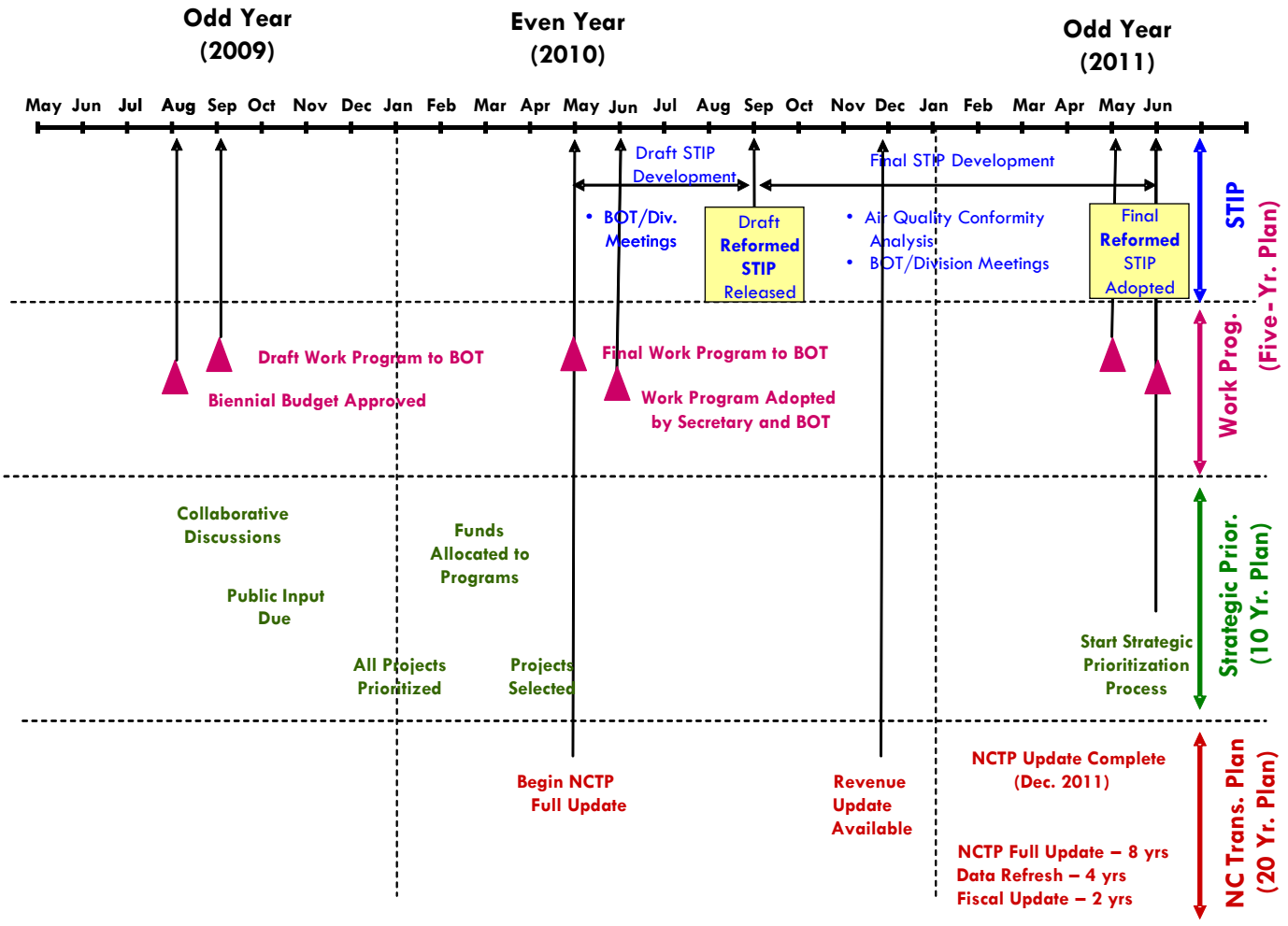
- Development Process:
  - coordination with local governments and other stakeholder groups
  - adopted by Board of Transportation
  - first two years are aligned with biennial budget cycle

- Published: every year

- Timeframe: five years



Transportation Reform Calendar



What's Different with Reform….

Strategic Planning

- ◊ Long and short term visions
- ◊ Project selection that align with goals and objectives

Public Input

- ◊ Through MPO's/RPO's
- ◊ Shared with NCDOT as prioritized needs lists.

Improved Communication

- ◊ Between local transportation entities and NCDOT
- ◊ Clearly articulated input requirements and project schedules

Prioritization of Project and Funding

- ◊ Investment scenarios driven by goals and needs
- ◊ Needs ranked by objective criteria
- ◊ Projects that address critical needs rise to top

Open and Visible Process

- ◊ Transparency and reliability

Accountability (Credibility)

- ◊ Timely project delivery
- ◊ Tightly controlled project costs

Role of the Board of Transportation

- ◊ Policy
- ◊ Strategy
- ◊ Performance Oversight

It all comes down to…

…Changing the way we do business through improved

- Strategic Planning
- Prioritization
- Data-Driven Decision Making
- Communication
- Transparency

as we

"Connect People and Places in North Carolina"

Performance Planning

The North Carolina Department of Transportation (NCDOT) establishes outcome based executive level organizational measures of performance on an annual basis each state fiscal year. The measures and associated targets determine the overall success of the department as an entire organization.

Each executive level performance measure is assigned an annual target of desired achievement and is associated with meeting at least one of the organization goals:

- Make our transportation network safer.
- Make our transportation network move people and goods more efficiently.
- Make our infrastructure last longer.
- Make our organization a place that works well.
- Make our organization a great place to work.

These measures, approximately thirty reviewed and adopted each year, are the basis for driving towards a better transportation network and an improved level of service to the State of North Carolina. The results of these executive measures are monitored by management on an on-going basis and reported quarterly.

Performance targets are set independently based on performance trends, previous year results, resources available, national standards and recommendations, or legislative requirements. Recommended performance level targets are also advocated by the business experts at the appropriate level of detail. When targets are set, they are challenging yet realistic and achievable by the organization.

In addition to these executive outcome measures, there are hundreds of input measures and business unit elements and activities that directly or indirectly influence the achievement of the executive measures. Many of these measurable items are captured on business unit work plans (what a unit has planned to accomplish each year) and the individual employee performance management system (known as the Performance Dashboard and Appraisal). Furthermore, these items of performance at the business unit and individual level are connected to the department meetings its overall organizational measures and targets.

2009-10 Executive Organizational Performance Measures and Targets

Make our transportation network safer

#	2009 Defined Performance Measure	Annual Target
1.1	Total statewide fatalities per 100 million vehicle miles traveled	Less than 1.5
1.2	Total statewide crashes per 100 million vehicle miles traveled	Less than 230.8
1.3	Total statewide injuries per 100 million vehicle miles traveled	Less than 112.8
1.4	Percent of statewide safety belt use	90% or greater
1.5	Number of driver licenses and identification cards issued centrally per month	205,000 or greater

Make our transportation network move people and goods more efficiently

#	2009 Defined Performance Measure	Annual Target
2.1	Percent of Strategic Highway Corridor miles that have little or no recurring congestion	85% or greater
2.2	Average statewide time to clear a major accident	Less than 90 minutes
2.3	Percent of planned ferry runs that departed on schedule	95% or greater
2.4	Percent of passenger trains that departed on schedule	75% or greater
2.5	Percent reduction in expected growth of commuter generated vehicle miles traveled due to transportation options	25% or greater

Make our infrastructure last longer

#	2009 Defined Performance Measure	Annual Target
3.1	Percent of interstate route pavement miles in good condition	85% or greater
3.2	Percent of primary route pavement miles in good condition	80% or greater
3.3	Percent of secondary route pavement miles in good condition	75% or greater
3.4	Percent of bridges in good condition	76% or greater
3.5	Weighted score of all highway maintenance features rated in acceptable condition (excluding pavement and bridges)	84 or greater

Make our organization a place that works well

#	2009 Defined Performance Measure	Annual Target
4.1	Percent of projects "advertised for bid" and awarded to the contractor for construction on schedule	70% or greater
4.2	Percent of projects that completed right of way plans on schedule	70% or greater
4.3	Percent of highway construction projects on schedule	70% or greater
4.4	Percent of highway construction projects on budget	70% or greater
4.5	Average environmental inspection score for construction and maintenance projects statewide	7.5 or greater
4.6	Percent of the overall budget for administrative costs	Less than 7.6%
4.7	Percent of federal receipts to eligible authority to bill	95% or greater
4.8	Percent of planned expenses compared to actual receipts	+/- 5%
4.9	Percent of total dollars paid to minority and women owned businesses	10.1% or greater
4.10	Percent of customers satisfied with department-wide services (excluding DMV – see 4.11)[1]	70% or greater
4.11	Percent of customers satisfied with DMV services[1]	70% or greater

Make our organization a great place to work

#	2009 Defined Performance Measure	Annual Target
5.1	Employee engagement index	5.23 or greater
5.2	Percent of top talent retained	80% or greater
5.3	Percent of all employees that met or exceeded performance expectations	80% or greater
5.4	Depth of leadership pipeline[1]	10% or greater
5.5	Employee safety index	Less than 6.2

American Recovery and Reinvestment Act (ARRA)

#	*ARRA Executive Performance Measure*
6.1	*Total dollars awarded/Let towards ARRA projects*
6.2	*Actual dollars paid towards ARRA projects*
6.3	*Average percent completion of ARRA projects*
6.4	*Number of jobs created or sustained by ARRA projects*

[1] Shaded boxes indicate a future commitment to measure

WORKING DRAFT